



*Los Angeles City  
Ethics Commission*

# City Candidate Guide

**2020 Regular Elections**



**Los Angeles City Candidates**

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## INTRODUCTION

In April 1985, Los Angeles City voters enacted limits on contributions to City campaigns, the first in a series of political campaign reform measures designed to encourage broader participation in the political process and help restore public confidence in government. In June 1990, the voters created the Los Angeles City Ethics Commission, strengthened City campaign finance laws, and funded the Public Matching Funds Program for City elections.

The Los Angeles City Ethics Commission (the Ethics Commission) has prepared this information guide, as a convenient summary of basic campaign finance information, for candidates seeking elective City office in the 2020 elections.

**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 (Cal. Gov't. Code) §§ 81000 *et seq.*; and
  - Title 2, California Code of Regulations (2 CCR) §§ 18109 *et seq.*
- Los Angeles City Charter (Charter) §§ 470-471.
- Los Angeles Municipal Code (LAMC) §§ 49.7.1 *et seq.*
- LAMC §§ 48.05(C), 49.5.5.
- Los Angeles Administrative Code (LAAC) §§ 24.31 *et seq.*

City laws are available in the appendices and on the Ethics Commission's website. Ethics Commission staff members are available during regular business hours to answer questions concerning City laws or your campaign for elective City office.

While the Ethics Commission administers and enforces City campaign finance laws, the **Fair Political Practices Commission ("FPPC") administers and enforces state campaign finance laws.** The City Attorney's Office also provides advice regarding state law. The PRA and its corresponding regulations are available on the FPPC's website. Candidates and committees may also find the FPPC's "*Campaign Disclosure Manual 2*" helpful.

### Qualifying for the Ballot

*Please contact the City Clerk's Election Division for 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 Ethics Commission cannot advise you on these matters.*

### **\*\*\* IMPORTANT \*\*\***

***This guide assumes a March 2020 primary election. If the ballot measure to move City primary elections to March of even-numbered years (see Ordinance No. 185641) is not approved on November 6, 2018, the 2020 primary election will be held in June. In that case, this guide will be updated to reflect a June primary.***

## CONTACT AGENCIES

### **Los Angeles City Ethics Commission**

200 North Spring Street  
City Hall 24th Floor, Suite 2410  
Los Angeles CA 90012  
(213) 978-1960 phone  
(213) 978-1988 fax  
Whistleblower Hotline: (800) 824-4825  
ethics.commission@lacity.org  
ethics.lacity.org

### **California Fair Political Practices Commission**

1102 Q Street, Suite 3000  
Sacramento, CA 95811  
(866) ASK-FPPC (275-3772) phone  
(916) 322-0886 fax  
fppc.ca.gov

### **California Secretary of State**

1500 11th Street  
Sacramento CA 95814  
(916) 653-6814 phone  
sos.ca.gov

### **Los Angeles City Attorney's Office**

800 City Hall East  
200 North Main Street  
Los Angeles CA 90012  
(213) 978-7100 phone  
lacityattorney.org

### **Los Angeles City Clerk**

Election Division\*  
Piper Technical Center  
555 Ramirez Street, Space 300  
Los Angeles CA 90012  
(213) 978-0444 phone  
(213) 978-0376 fax  
cityclerk.lacity.org/election

*\* The City Clerk's Election Division can provide information about how to qualify for the ballot, file a "Declaration of Intention to Become a Candidate," obtain nominating petitions, submit filing fees, and comply with residency requirements.*

## 2020 ELECTION TIMELINE

**OCTOBER 5, 2019 (Saturday):** Residence deadline.

**NOVEMBER 4, 2019 (Monday):** First day to file Declaration of Intention to Become a Candidate and Statement of Economic Interests.

**NOVEMBER 9, 2019 (Saturday until noon):** Last day to file Declaration of Intention to Become a Candidate or to withdraw said declaration. First day to obtain and file Nominating Petitions and Matching Funds Additional Signatures form.

**DECEMBER 4, 2019 (Wednesday):** Last day to obtain and file Nominating Petitions, Supplemental Petitions, and Matching Funds Additional Signatures form.

**DECEMBER 12, 2019 (Thursday):** Last day to withdraw candidacy.

**DECEMBER 18, 2019 (Wednesday):** Random alphabet drawing to determine candidate order on the ballot (in City Council chambers at 9:00 a.m.).

**FEBRUARY 3, 2020 (Monday):** First day to apply for and vote a Vote-By-Mail Ballot for Primary Nominating Election.

**FEBRUARY 17, 2020 (Monday):** Last day to register to vote in Primary Nominating Election.

**FEBRUARY 25, 2020 (Tuesday):** Last day to apply by mail for a Vote-By-Mail Ballot for Primary Nominating Election.

**MARCH 2, 2020 (Monday):** Last day to vote a Vote-By-Mail Ballot in the Election Division Office for Primary Nominating Election.

**MARCH 3, 2020 (Tuesday): PRIMARY NOMINATING ELECTION**

**April 2, 2020 (Thursday):** Last day for official canvass and certification of results for Primary Nominating Election.

**OCTOBER 5, 2020 (Monday):** First day to apply for and vote a Vote-By-Mail Ballot for General Municipal Election.

**OCTOBER 19, 2020 (Monday):** Last day to register to vote in General Municipal Election.

**OCTOBER 27, 2020 (Tuesday):** Last day to apply by mail for a Vote-By-Mail Ballot for General Municipal Election.

**NOVEMBER 2, 2020 (Monday):** Last day to vote a Vote-By-Mail Ballot in the Election Division Office for General Municipal Election.

**NOVEMBER 3, 2020 (Tuesday): GENERAL MUNICIPAL ELECTION**

**DECEMBER 3, 2020 (Thursday):** Last day for official canvass and certification of results for General Municipal Election.

# CHAPTER 1 BECOMING A CANDIDATE

A number of steps are necessary to begin your candidacy. For example, you must file various City and state forms, in part to inform the public about your campaign. A checklist of candidate filings is provided at the end of this chapter for your reference.

## *A. Organizing Your Campaign*

In order to solicit and receive contributions and make expenditures on behalf of your candidacy, you must file paperwork with the Ethics Commission, file paperwork with the Secretary of State, and open a bank account in the City of Los Angeles.

### **1. File Paperwork with the Ethics Commission**

You may not solicit or accept contributions, make expenditures, or use personal funds in your campaign until you have filed the following forms with the Ethics Commission. The forms must be filed together.

#### a. City forms:

- "Declaration of Intent to Solicit and Receive Contributions" (Form 12)  
You may not solicit or receive any contribution before this form is filed.
- "Statement of Understanding" (Form 13)  
This statement confirms that you and your treasurer have received and read and understand the City's campaign finance law.
- "Notification of Other Controlled Committees" (Form 16)  
If you control other political committees, you must notify the Ethics Commission in writing of these committees, their bank 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 Ethics Commission on the next regular business day. Charter § 470(g).

#### b. State form: "Candidate Intention Statement" (California Form 501).

### **2. File Paperwork with the Secretary of State**

You qualify as a committee once you have raised \$2,000 in a calendar year for your campaign. Cal. Gov't. Code § 82013. Within 10 days of receiving \$2,000 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 one copy with the Ethics Commission. After receiving your filing, the Secretary of State will issue you a committee identification number. The type of committee you will be forming is called a "candidate controlled recipient committee" because it is under your control.

If you wish, you may file this form before qualifying as a committee so that you can obtain 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 disclose 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 Section 2.A below. If you have not received—and do not anticipate receiving—at least \$2,000 in contributions, please contact the Ethics Commission for information about your filing obligations.

### **3. *Open a Bank Account***

Your committee is required to have one campaign bank account. All of your campaign contributions must be deposited into that account, and all of your campaign expenses must be paid from it Charter § 470(g). Your campaign bank account may only be used for City campaign purposes, and it must be at a financial institution with an office located in the City of Los Angeles. *Id.*

#### ***a. How do I open a committee bank account?***

- i. Obtain an employer identification number (EIN) from the IRS by completing an SS-4 Form ("Application for Employer Identification Number"). You may apply online at [www.irs.gov](http://www.irs.gov).
- ii. Take your EIN and a copy of the "Statement of Organization" (California Form 410) that was filed with the Ethics Commission and the state to a financial institution located in the City to open your account.
- iii. File a "Controlled Committee Bank Account Information" form (Form 14) with the Ethics Commission within 10 calendar days of opening the account. If you did not include your bank account information on Form 410 when you originally filed it, you must amend that form to include that information.

#### ***b. Where must the account be opened?***

The campaign checking account must be established at a financial institution with an office located in the City. Charter § 470(g).

#### ***c. Can I use personal funds?***

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. Cal. Gov't Code §§ 84216, 84216.5; 2 CCR § 18215. If you want to participate in the matching funds program, your use of personal funds is limited. See Section 8.B.

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 for campaign-related expenses. The only exception is that you may use personal funds from a personal account to pay your initial filing fees for forms filed with the City Clerk during candidate filing week (see Section 1.C). Cal. Gov't Code §§ 85200, 85201(f); see *also* FPPC's "Campaign Disclosure Manual 2," Chapter 1.

City law limits the use and repayment of personal funds. LAMC §§ 49.7.9(E)–(F), 49.7.23(C)(5). See Sections 3.C.4 and 8.B.

d. What about campaign savings accounts and investment instruments?

Although you may only have one campaign checking account, you may transfer campaign funds from that account to certificates of deposit, interest-bearing savings accounts, money market funds, or similar accounts, as long as these accounts are established for campaign purposes and no campaign expenditures are made directly from those accounts. Charter § 470(g); FPPC's "Campaign Disclosure Manual 2," p. 2.7. Before using investment account funds for campaign-related expenditures, the funds must be deposited into the campaign checking account. In addition, you must report any interest or dividends earned from these accounts as miscellaneous increases to cash on Schedule I of Form 460.

**4. Disclose Electronic Contact Information**

Candidates must file with the Ethics Commission certain information about their campaigns, to facilitate communication and provide additional public disclosure. Specifically, you are required to provide an e-mail address, any websites established or maintained by your campaign, and any social media accounts you or your campaign use to communicate with voters. LAMC § 49.7.15. This information must be disclosed on a "Committee Contact Information" form (Form 17) and must be amended within 10 days if any of the information changes.

**B. Fundraising Window (when contributions may be received)**

The fundraising window for the 2020 primary elections opens on September 3, 2018. Once the window opens and you have completed the steps in Section 1.A above, you may begin fundraising.

You may continue to raise funds up to 12 months after the date of the general election, but only for the purposes of retiring campaign debt or paying compliance, fundraising, or inauguration expenses. LAMC § 49.7.10. See Chapter 9 for more information.

**C. Candidate Filing Week (November 4-9, 2019)**

During the period commonly referred to as "candidate filing week," candidates are required to file several forms with the City Clerk's Election Division and the Ethics Commission to establish their candidacies, get their names on the ballot, accept or reject matching funds (if they have not already done so), and disclose certain economic interests. Candidate filing week for this election will be held November 4-9, 2019.

The City's election laws are administered by the City Clerk's Election Division. You may contact that division for information about ballot and election matters, such as nominating petitions, filing fees, and residency requirements. The City Clerk's "General Information for Candidates" brochure also provides helpful information. For your convenience, Ethics Commission staff is typically housed in the City Clerk's Election Division during candidate filing week.

**1. Declare your Intent**

The first step toward getting your name on the ballot is to file a "Declaration of Intention to Become a Candidate" with 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.

## **2. Disclose Your Financial Interests**

You must file a "Statement of Economic Interests" (California Form 700) with the Ethics Commission by the end of candidate filing week. Cal. Gov't. Code § 87201. For this election, candidate filing week ends at **12:00 p.m. on Saturday, November 9, 2019**. The City Clerk will not issue nominating petitions to you if you fail to meet this deadline. See Section 1.C.5 below.

Form 700 itemizes financial interests that you hold as of the date you declare your candidacy, as well as your sources of income during the 12 months before filing the form. Cal. Gov't. Code § 87201. Form 700 is available from the Ethics Commission or from the FPPC's website. Please contact the FPPC for questions.

## **3. Accept or Reject Public Matching Funds**

By the end of candidate filing week, you must file a "Statement of Acceptance or Rejection of Matching Funds" (Form 20) with the Ethics Commission. LAMC § 49.7.22(A). This form states whether you agree to participate or decline to participate in the public matching funds program. See Chapter 8 for more information regarding the program.

**Your decision applies to both the primary and general (runoff) elections.**

If you decide not to participate in the program during the March primary election, you cannot change your mind and participate in the program in the November general election.

If you originally agree to participate in the program, you will have five business days after the last day of candidate filing week to change your mind if an opponent in your race declines to participate in the program. LAMC § 49.7.22(C). You must file a revised version of your "Statement of Acceptance or Rejection of Matching Funds" (Form 20) to decline to participate in the program. If you originally decline to participate in the program, you cannot change your mind and opt into the program at a later date. Candidates who decline to participate at any time are considered "non-participating candidates."

## **4. Disclose City-related Business**

Candidates who qualify to appear on the ballot, or who qualify as "write-in" candidates, must file a "Statement of City-related Business" (Form 44) with the Ethics Commission within 10 calendar days of conducting certain business with the City that affects their personal financial interests. City Election Code § 304; LAMC § 49.5.6(C). This statement discloses specific transactions or applications you have pending with the City.

## **5. Circulate and File Your Nominating Petitions**

To qualify for the ballot, you must obtain a required number of signatures from qualified, registered City voters. Nominating petitions are used for this purpose and will be distributed by and filed with the City Clerk's Election Division.

*The City Clerk will not issue nominating petitions to you if you do not file a Form 700 by **12:00 p.m. on November 9, 2019**. See Section 1.C.2 above.*

Specific deadlines for receipt of the signed petitions apply and are identified on the election schedule (see "2020 Election Schedule" prior to this chapter). The City Clerk's brochure, "General Information for Candidates," has additional information about obtaining nominating petitions, filing deadlines, and fees.

Qualified matching funds participants can receive public funds at an accelerated rate if they qualify to appear on the ballot with 1,000 nominating petition signatures, or if they qualify to appear on the ballot with 500 nominating petition signatures and obtain 500 additional qualifying signatures on a "Matching Funds Additional Signatures" form (Form 21) from registered voters residing in their districts. Form 21 will be available on the Ethics Commission's website beginning at 12:01 a.m. on Saturday, November 9, 2019. See Section 8.E for more information about the matching funds program.

## ***D. Important Candidate Information***

### **1. *Mandatory Candidate and Treasurer Training***

All candidates and their treasurers must complete a mandatory campaign finance training session conducted by the Ethics Commission prior to the primary election. LAMC § 49.7.12. Candidates are strongly encouraged to have their fundraisers and campaign consultants complete a session, as well. Candidates who intend to participate in the matching funds program are encouraged to complete training as soon as possible, because it is one of the prerequisites to qualifying for and receiving matching funds. See Section 8.B below.

*Matching funds candidates cannot receive public funds until both they and their treasurers have completed the training.*

Candidates who have filed a "Declaration of Intent to Solicit and Receive Contributions" will be notified of training sessions. Others should contact the Ethics Commission for upcoming dates.

### **2. *State Gift Laws***

Once you file your "Statement of Organization" (California Form 410) or "Candidate Intention Statement" (California Form 501), you are prohibited from accepting gifts from a single source in a calendar year with a total value of more than \$470. Cal. Gov't. Code § 89503. This limit may increase in January 2020.

In addition, you must disclose all gifts you receive from one source that are cumulatively valued at \$50 or more in the 12 months prior to the date you file your Form 700 during candidate filing week (see Section 1.C.2 above). For information about what constitutes a gift, exceptions to the gift law, or how this law applies to you, please contact the FPPC.

## *E. Withdrawing Your Candidacy*

If 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 complete all of the following steps to inform your opponents and the public that your campaign is no longer active:

- File a terminating Form 410 with the Secretary of State and submit a copy to the Ethics Commission (a terminating Form 501 is not required);
- File a "Cancellation of the Declaration of Intent to Solicit and Receive Contributions" form (Form 15) with the Ethics Commission; and
- File a terminating California Form 460 with the Ethics Commission.

*Checklist of Candidate Filings*  
 2020 City of Los Angeles Election

<b>Form</b>	<b>Where to File</b>	<b>When to File</b>
STATEMENT OF ORGANIZATION (California Form 410)	Secretary of State ( <i>original + 1 copy</i> ) Ethics Commission ( <i>copy</i> )	<b>Within 10 calendar days</b> of the day your committee receives (or anticipates receiving) \$2,000 or more in a calendar year.
CANDIDATE INTENTION STATEMENT (California Form 501)	Ethics Commission	<b>Before</b> soliciting or receiving contributions or making expenditures.
DECLARATION OF INTENT TO SOLICIT AND RECEIVE CONTRIBUTIONS (Form 12)	Ethics Commission	<b>Before</b> soliciting or receiving contributions <u>and concurrently</u> with Forms 13, 16, and 17.
STATEMENT OF UNDERSTANDING (Form 13)	Ethics Commission	<b>Before</b> soliciting or receiving contributions <u>and concurrently</u> with Forms 12, 16, and 17.
NOTIFICATION OF OTHER CONTROLLED COMMITTEES (Form 16)	Ethics Commission	<b>Before</b> soliciting or receiving contributions <u>and concurrently</u> with Forms 12 and 13.
COMMITTEE CONTACT INFORMATION (Form 17)	Ethics Commission	<b>Concurrently</b> with Forms 12 and 13.
CONTROLLED COMMITTEE BANK ACCOUNT INFORMATION (Form 14)	Ethics Commission	<b>Within 10 calendar days</b> of opening a campaign checking account.
STATEMENT OF ACCEPTANCE OR REJECTION OF MATCHING FUNDS (Form 20)	Ethics Commission	By the <b>end of candidate filing week</b> (12:00 p.m. on November 9, 2019).
STATEMENT OF ECONOMIC INTERESTS (California Form 700)	Ethics Commission	<b>During and</b> by the <b>end of candidate filing week</b> (12:00 p.m. on November 9, 2019).
STATEMENT OF CITY RELATED BUSINESS (Form 44)	Ethics Commission (if applicable)	<b>Within 10 calendar days</b> of conducting certain transactions with the City that affect your personal finances.
DECLARATION OF INTENT TO BECOME A CANDIDATE	City Clerk's Election Division	<b>During and</b> by the <b>end of candidate filing week</b> (12:00 p.m. on November 9, 2019).
NOMINATING PETITIONS	City Clerk's Election Division	Any time <b>November 9–December 4, 2019.</b>
MATCHING FUNDS ADDITIONAL SIGNATURES FORM (Form 21)	City Clerk's Election Division	Any time <b>November 9–December 4, 2019,</b> <u>and concurrently</u> with the nominating petitions.

## CHAPTER 2 DISCLOSURE REQUIREMENTS

State and City laws require City candidates to publicly disclose certain information about their contributions, expenditures, and campaign communications.

### *A. Campaign Disclosure Statements*

You are required to file periodic campaign disclosure statements with the Ethics Commission, to disclose contributors, monetary and non-monetary contributions, loans received or made, expenditures, unpaid bills, and any increases to cash (e.g., bank interest, dividends, refunds or credit from vendors, or matching funds received). Cal. Gov't Code § 84211.

#### **1. Filing Forms**

You are required to file campaign disclosure statements using either California Form 460 (Long Form) or California Form 470 (Short Form). Once a Form 460 is filed, Form 470 cannot be filed. Both forms may be obtained from the Ethics Commission, the FPPC, or the Secretary of State.

- **California Form 460** - Form 460 is used by controlled committees that have received or plan to receive \$2,000 or more in contributions. If you are required to file a Form 460, you will need to file several statements over the course of your campaign. Detailed instructions are included with the form. Helpful instructions are also contained in the FPPC's "*Campaign Disclosure Manual 2*".
- **California Form 470** - Form 470 is used by candidates who do not have a controlled committee and do not anticipate receiving \$2,000 or more for their campaigns. If you are required to file a Form 470, it should be submitted no later than January 31 for the previous calendar year. If you do raise \$2,000 or more, you must file a Form 470 supplement and possibly other forms.

#### **2. Filing Method**

If you have raised or spent at least \$10,000 in connection with your campaign, you are required to file campaign disclosure statements using the Ethics Commission's Campaign Electronic Filing System (CEFS). LAMC § 49.7.17(B).

*An "Application for CEFS ID" (Form 18) must be filed with the Ethics Commission in order to access CEFS. LAMC § 49.7.17(A)(1).*

Candidates who are not required to file electronically are encouraged to do so voluntarily.

#### **3. Filing Deadlines**

Campaign disclosure statements must be filed by specific deadlines identified by law. The filing schedule at the end of this chapter provides a list of filing deadlines.

An electronic statement is considered filed on the date the CEFS reporting requirements are met. A paper statement is considered filed on the earlier of the date of receipt by the Ethics Commission or the postmark date if it bears the correct address and postage. LAMC § 49.7.17(A)(2).

*There are no extensions of the filing deadlines.* Late filing penalties (at least \$25 per day) and other penalties may apply to campaign statements that are not filed by the filing deadline. See Section 11.A for more information.

#### **4. Amendments**

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 Form 460 because you discovered you made an error or omitted information on your original filing. To amend a previously filed statement, use the filing method that applies to you as described above in Section 2.A.2.

### ***B. 24-hour Contribution Reports***

When you receive contributions from a single source (including yourself) that total \$1,000 or more during the 90 days immediately preceding the date of the election or on the date of the election, you are required to file a 24-hour Contribution Report (California Form 497) with the Ethics Commission (see the filing schedule). You must report the contributions again on the next regular filing of your California Form 460.

If the contribution is a monetary contribution, you must file the report within 24 hours of receipt. If the contribution is non-monetary, you must file the report within 48 hours of receipt. A non-monetary contribution is considered received on the earliest of the following dates:

- The date the contributor spends money for the goods or services, if the expenditure is made at the behest of the candidate or committee;
- The date you, your committee, or an agent of your committee takes possession or control of the goods or services; or
- The date you or your committee receives the benefit of the goods or services.

### ***C. Fundraising Notice***

You are required to notify the Ethics Commission within one calendar day of receiving contributions (monetary and non-monetary) and matching funds totaling more than the amounts listed below. LAMC § 49.7.26. You may comply with this reporting requirement by sending an email to [ethics.commission@lacity.org](mailto:ethics.commission@lacity.org). This reporting requirement is separate from your campaign disclosure statements and applies in addition to the requirement in the next section.

	<u>Primary Election</u>	<u>General Election</u>
City Council candidate:	\$537,000	\$448,000

## D. Expenditure Notice

You are required to notify the Ethics Commission within one calendar day of making campaign expenditures (including accrued expenditures) totaling more than the amounts listed below. LAMC § 49.7.26. You may comply with this reporting requirement by sending an email to [ethics.commission@lacity.org](mailto:ethics.commission@lacity.org). This reporting requirement is separate from your campaign disclosure statements and applies in addition to the requirement in the previous section.

	<u>Primary Election</u>	<u>General Election</u>
City Council candidate:	\$537,000	\$448,000

## E. Campaign Communications

If you distribute or broadcast a campaign communication to 200 or more persons, you must file an electronic copy of the communication with the Ethics Commission, using CEFS. LAMC § 49.7.32(A). See Chapter 5 for additional information about campaign communications.

1. Filing deadlines are specified in LAMC § 49.7.32(B):
  - a. Within 24 hours of distribution: From the first day of candidate filing week through the date of the deciding election in that race.
  - b. Within 5 days of distribution: All other times.
2. Filings must include the following:
  - a. For telephone calls, a copy of the script and, if the call is recorded, the recording.
  - b. For audio communications, a copy of the script ***and*** a copy of the audio file.
  - c. For videos, a copy of the script ***and*** a copy of the video file.

The Ethics Commission is merely a repository for campaign communications, where they are available online to other candidates and members of the public. The Ethics Commission may not change, evaluate, or comment on the communications. LAMC § 49.7.32(E).

## F. IRS Reporting Requirements

Your campaign committee may be required to file Form 1120-POL ("U.S. Income Tax Return for Certain Political Organizations") if it has any taxable income, such as interest or dividends. For more information, please contact the IRS's Tax Exempt and Government Entities Customer Account Services at 877-829-5500.

## Campaign Filing Schedule 2020 City Elections

***This filing schedule is tentative and assumes a **March 2020** primary election. The date of the primary will be confirmed after November 6, 2018, when voters will decide if primary elections should be moved to March.***

### Primary Election

*March 3, 2020*

Filing Deadline	Type of Statement	Period Covered	Acceptable Delivery Methods
January 31, 2019	Semi-Annual	7/1/18 – 12/31/18	Personal Delivery First Class Mail
July 31, 2019	Semi-Annual	1/1/19 – 6/30/19	Personal Delivery First Class Mail
October 10, 2019	Quarterly	7/1/19 – 9/30/19	Personal Delivery First Class Mail
January 10, 2020	Quarterly	10/1/19 – 12/31/19	Personal Delivery First Class Mail
January 23, 2020	1st Pre-Election	1/1/20 – 1/18/20	Personal Delivery First Class Mail
February 20, 2020	2nd Pre-Election	1/19/20 – 2/15/20	Personal Delivery Guaranteed Overnight Service
February 28, 2020	3rd Pre-Election	2/16/20 – 2/26/20	Personal Delivery Guaranteed Overnight Service
24 hours after receiving a contribution of \$1,000+	24-hour Contribution	12/4/19 – 3/3/20	Personal Delivery Guaranteed Overnight Service Email / Fax / Telegram
July 31, 2020	Semi-Annual	2/27/20 – 6/30/20	Personal Delivery First Class Mail

*Candidates who do not proceed to the general election must continue to file statements on the primary election schedule.*

### General Election

*November 3, 2020 (if necessary)*

Filing Deadline	Type of Statement	Period Covered	Acceptable Delivery Methods
July 31, 2020	Semi-Annual	2/27/20 – 6/30/20	Personal Delivery First Class Mail
September 24, 2020	1st Pre-Run Off	7/1/20 – 9/19/20	Personal Delivery First Class Mail
October 22, 2020	2nd Pre-Run Off	9/20/20 – 10/17/20	Personal Delivery Guaranteed Overnight Service
October 30, 2020	3rd Pre-Run Off	10/18/20 – 10/28/20	Personal Delivery Guaranteed Overnight Service
24 hours after receiving a contribution of \$1,000+	24-hour Contribution	8/5/20 – 11/3/20	Personal Delivery Guaranteed Overnight Service Email / Fax / Telegram
February 1, 2021	Semi-Annual	11/4/20 – 12/31/20	Personal Delivery First Class Mail

*For your first statement, the period covered begins on January 1 of the year your campaign activity began. Whenever a campaign statement is required, a statement must be filed for every committee controlled at that time. A filing deadline is extended to the next business day when it falls on a Saturday, Sunday, or City holiday.*

## CHAPTER 3 CONTRIBUTIONS

### A. 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.

#### 1. Types of Contributions

- a. Typical examples of **monetary contributions** include:
  - Your personal funds.
  - Money from your supporters (checks, cash, credit card transactions, etc.).
  - Proceeds from the sale of tickets to fundraising events.
  - Loans made to your committee.
- b. Typical examples of **non-monetary (in-kind) contributions** include:
  - Food, beverages, flowers, and decorations donated by a supporter for a fundraiser.
  - Printing or mailing costs of a campaign mailer donated by the printer.
  - Professional services not paid for by your campaign.
  - Discounts or rebates that are not extended to the general public.
  - Anything of value given to your committee without full consideration provided in return.
  - The reproduction, broadcast, or distribution of any material you or your committee has used for campaign purposes. LAMC § 49.7.18.
  - Independent expenditures and member communications made in cooperation with (at the behest of) you or your committee.
- c. Contributions do **not** include:
  - Volunteer personal services, unless an employer pays an employee to spend more than 10% of the employee's compensated time in a month rendering services for political purposes. 2 CCR § 18423.
  - A fundraising event that is held in the host's home or office and costs, in total, \$500 or less. Cal. Gov't. Code § 82015(c)(2).

#### 2. Forms of Monetary Contributions

##### a. Written Instrument

A monetary contribution of \$100 or more must be made by a written instrument that contains the name of the contributor and the name of the payee, and it must be drawn from the account of the contributor or an intermediary. Contributions of \$100 or more made by money order, traveler's check, or cashier's check cannot be accepted, even if the name of the donor and payee are included. Cal. Gov't. Code § 84300(c). Cash contributions may not exceed \$25.

##### b. Credit Card

If you accept credit card contributions, you must determine whether each contribution is from a personal credit card or a business credit card (so that you

can determine whether it is a contribution from an individual or a non-individual).

c. Text Message

A contribution may be made via short message service (SMS), multimedia messaging service (MMS), or other similar text messaging technology, but it may not exceed \$30 per person, per election. LAMC § 49.7.6(B)(2). Text contributions are treated as a pledge and are not considered “received” until the candidate or committee obtains control of the contributed funds.

**B. Prohibited Contributions**

Certain contributions are prohibited by law. To avoid violating the law and inadvertently accepting a prohibited contribution, you should ask all contributors if they are one of the following types of persons.

1. Lobbyists and Lobbying Firms

You are prohibited from receiving a contribution from a lobbyist or lobbying firm that is required to register to lobby either the office you are seeking or your current City agency. Charter § 470(c)(11). The Ethics Commission maintains a database of registered lobbying entities on its website.

2. Bidders and Contractors

Persons who respond to certain City contract solicitations (bidders), and certain persons associated with them, are prohibited from making campaign contributions to or engaging in prohibited fundraising for certain elected City officials, candidates for elective City office, and City committees controlled by elected City officials or candidates. The prohibition applies as described in the following table.

If a contract* is worth \$100,000+ and requires the following:	Then the prohibition applies to contributions to and fundraising for:
Approval by the City Council	<ul style="list-style-type: none"> <li>• All elected City officials</li> <li>• All City candidates</li> <li>• All committees controlled by City officials and candidates</li> </ul>
Approval by an elected official other than the City Council <i>(including contracts for professional services [Executive Directive 3])</i>	<ul style="list-style-type: none"> <li>• That elected City official</li> <li>• All candidates for that elected City office</li> <li>• All committees controlled by that elected City official and those candidates</li> </ul>
No approval by the City Council and entered into by one of these departments: <ul style="list-style-type: none"> <li>• Harbor Department</li> <li>• Department of Water &amp; Power</li> <li>• Los Angeles World Airports</li> </ul>	<ul style="list-style-type: none"> <li>• The City Attorney</li> <li>• The Controller</li> <li>• All candidates for City Attorney or Controller</li> <li>• All committees controlled by the City Attorney, the Controller, and candidates for those offices</li> </ul>

\* Any type of contract, including those for goods or services, leases, concessions, franchises, etc.

The prohibitions apply to a bidder, the bidder’s principals, subcontractors on subcontracts valued at \$100,000 or more, and the principals of those subcontractors. Charter § 470(c)(12)(F); LAMC § 49.7.35.

The prohibitions begin to apply on the date a bid is submitted. For successful bidders (who become contractors), the prohibitions continue for 12 months after

the contract is signed. For unsuccessful bidders, the prohibitions end on the earlier of the date the contract is signed or the date the bid is withdrawn or canceled.

3. Foreign Nationals

You are prohibited from receiving a contribution from a foreign national. A foreign national is a person who is not a citizen of the United States and does not have legal permanent residency status, including a foreign government, corporation, or organization. Additionally, domestic subsidiaries of foreign and U.S. corporations owned by foreign nationals may also be prohibited from making contributions under certain circumstances. 52 USC § 30121; 11 CFR § 110.20(g). Immigrants may make contributions if they have a green card indicating that they have been lawfully admitted for permanent residence in the United States. If you need more information, please contact the Federal Election Commission ("FEC") or see Appendix 8 for the FEC's brochure about contributions by foreign nationals.

4. Other Candidate Committees

Your committee is prohibited from making contributions to any other candidate running for elective office, any committee supporting or opposing a candidate for elective office, or in support of or in opposition to a City ballot measure. However, you may use your own personal funds to contribute to other candidates and to ballot measure committees. Charter § 470(c)(9).

C. Contribution Limits

There are 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 these limits.

1. **Per-person Limits**

You may not accept more than a certain amount in contributions from a single person in a single election. For the 2020 elections, the per-person limits are:

**City Council candidate ..... \$800**

A "person" is an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, or any other organization or group of persons acting in concert. Cal. Gov't. Code § 82047. In some circumstances, two or more persons must be aggregated and treated as one person for purposes of the contribution limit. See Section 3.D.

The primary election and the general election are considered two separate elections. Therefore, one contributor may give you the maximum for the March primary and again for the November runoff election.

*Example: You begin fundraising for the Council District 14 seat two months before the primary election. The first month, a contributor gives your primary election committee \$800. 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 November, that contributor can give up to the \$800 limit again to the runoff election committee.*

Credit extended for a period of more than 90 days is subject to the applicable contribution limits, unless the creditor demonstrates a commercially reasonable attempt to collect a debt. LAMC § 49.7.9(D).

*It is illegal to accept contributions in excess of the applicable limits.* Charter §§ 470(c)(3)-(4). Therefore, you should carefully track the cumulative amount of contributions you receive from every person. In limited circumstances and during limited time frames, you may return or refund certain excess contributions to avoid penalties. The Ethics Commission's Excess Contribution Policy is provided in Appendix 4.

## **2. Cash and Anonymous Contributions**

You may not receive cash contributions of more than \$30 per contributor. In addition, you may not receive more than \$200 total in cash from all anonymous sources for an election. Charter §§ 470(d)-(e). Once your committee receives a total of \$200 in anonymous contributions, you must turn over all additional anonymous contributions to the City Treasurer for deposit into the City's general fund.

## **3. Non-Individual Contributions**

You are prohibited from receiving more than a certain amount from all non-individual contributors in an election. Non-individuals are entities, such as businesses, corporations, labor unions, and political action committees. Charter § 470(c)(7). For the 2020 City elections, the cumulative non-individual limits are:

City Council candidate:        \$226,500

This limit will be lifted if a candidate who does not participate in the matching funds program raises or spends more than the expenditure limit of \$537,000 in the primary election or \$448,000 in the general election. See Section 8.C; Charter § 470(c)(7)(D).

Contributions from non-individuals may be aggregated with contributions from individuals who direct and control the contribution activity of the non-individual. See Section 3.D for more information.

## **4. Loans**

### **a. General**

A loan is a contribution to your campaign, and contribution limits apply. The two exceptions are if you lend your personal money to your campaign or a commercial lending institution lends money to you in the regular course of business on the same terms available to members of the public. LAMC § 49.7.9(C). You may not accept a loan for more than 30 calendar days, except when a commercial lending institution makes the loan in the normal course of business. Charter § 470(c)(8).

b. Documentation

Every loan must be made in writing. A copy of the written loan agreement must be emailed to the Ethics Commission by the filing deadline for the campaign statement on which the loan is first reported. LAMC § 49.7.9(B). You must also maintain in your files the name, address, occupation, and employer of the lender and any guarantor or any person liable for the loan, along with the interest rate and due date.

c. Personal Loans

- i. The amount and duration of a loan you make to your own committee is not limited, unless you agree to participate in the matching funds program. Charter § 470(c)(8); LAMC § 49.7.23(C)(5). See Section 8.B for more information.
- ii. After an election, you may not repay yourself more than the following amounts:

City Council candidate:        \$34,800

For example, if you are elected to the City Council, you may pay yourself back in an amount up to \$34,800 for a personal loan you made to your own campaign. Any amount above that is a contribution to your committee that may not be repaid. LAMC § 49.7.9(E).

*If you are a matching funds participant and exceed the applicable spending limit in an election, the balance of your personal loans may not be repaid, regardless of amount. LAMC §§ 49.7.9(F), 49.7.23(C)(5).*

## ***D. Aggregation***

In certain circumstances, contributions from two or more persons will be aggregated and considered to be from a single person. This means that the total amount given by those persons is subject to the per-person, per-election contribution limit.

### **1. General**

Aggregation is required when one contributor owns another contributor or controls another contributor's contribution activity. LAMC § 49.7.4. If one aggregated person is prohibited from making a contribution in a City election, then all aggregated persons are also prohibited. *Id.*

*Example 1: A sole proprietor of a minor league baseball team contributes \$500 from her personal checking account to a City Council candidate. She may not make a separate contribution from the ball club's bank account of more than \$300.*

*Example 2: An individual who contributes \$800 from his own bank account may not make a contribution of any amount from the bank account of another individual for whom he holds financial power of attorney.*

*Example 3: If a business entity makes a contribution of \$500 to a City Council candidate, an individual who holds a 50-percent investment interest in the business may not make a personal contribution of more than \$300.*

*Example 4: A partnership may not make a contribution of any amount if one of the individuals responsible for making decisions about the partnership's expenditures is a City lobbyist registered to lobby the office the candidate seeks or holds and holds an ownership interest in the partnership of at least 20 percent.*

*Example 5: The CEO of a corporation directs the corporation to make an \$800 contribution to a City Council candidate. He may not make a separate contribution in any amount from his personal checking account.*

*Example 6: Alan and Bob each have a 40-percent share in Company A. Alan has a 40-percent share and Bob has a 20-percent share in Company B. If Company A makes an \$800 contribution to a City Council candidate, Company B may not make a separate contribution in any amount to the same City Council candidate.*

## **2. Spouses and Children**

Contributions by spouses are treated as separate contributions—each individual may make contributions up to the applicable limit. Contributions from children under the age of 18 are presumed to be contributed by their parents and are attributed either half to each parent or entirely to a single custodial parent. LAMC § 49.7.5(B).

## **3. Joint Checking Accounts**

- a. State law specifies standard ways in which contributions from joint checking accounts must be attributed. 2 CCR § 18533.
  - i. If a contribution check has the name of more than one individual imprinted on it, the contribution must be attributed to the individual whose name appears on the check and who also signs it.
  - ii. If each individual whose name is imprinted on a check signs it, the contribution must be attributed equally to each person.
  - iii. If the name of the individual who signs the check is not imprinted on the check (e.g., a contribution from a trust account), the contribution must be attributed to the person whose name appears on the check.
- b. Standard attributions may be altered if each affected person (e.g., each individual whose name is imprinted on a check) signs a document indicating that different amounts should be attributed to them. That document must accompany the check.

## **4. Avoiding Penalties**

Taking the following steps before depositing a contribution will help you prevent the receipt of excess contributions:

- a. Check for similar names of individuals and businesses.  
For example, contributions from "John Doe" and "Doe Paints, Inc." may be from the same contributor.
- b. Check for similar addresses of contributors.
- c. Compare the occupation and employer information of each contributor.  
Contributions from an individual must be aggregated with those of an entity when the individual has certain ownership interests in the entity. Some occupations may indicate an ownership interest (e.g., owner/proprietor, businessman, chief executive officer, president, investor, partner, general partner).

The Ethics Commission's CEFS allows authorized users to check for aggregation using the methods described above.

If you have contributions that appear to require aggregation, you must obtain reliable third-party documentation to show that aggregation is not required. A contributor verification document is available on the Ethics Commission's website for this purpose. Documentation may also include a business entity's publication materials that identify the individuals who control the entity, a written statement from a person who is authorized to speak on behalf of a business entity, and similar types of documents.

## **5. Curing Excess Contributions**

In certain circumstances and certain time frames, you may return an excess contribution to avoid enforcement penalties. See the "Excess Contribution Policy" in Appendix 4 for more information.

## ***E. Fundraising Limitations***

1. No one may solicit contributions from a City official or employee to support or oppose a City candidate. LAMC § 49.7.11(B)(1).
2. No one may solicit, receive, or deliver a contribution in a room or building that is owned by (or paid for and used by) the City, unless the space is available to the public for organized campaign activities. This does not prohibit a candidate from receiving a contribution by mail if it is forwarded to the campaign within seven days of receipt. LAMC § 49.7.11(B)(2).
3. Members of City boards and commissions who are required to file statements of economic interests and the heads of City departments are prohibited from doing the following:
  - a. Soliciting, directing, or receiving a contribution from a person who has had a matter pending before them in the past 12 months. LAMC § 49.7.11(C)(1).
  - b. Engaging in prohibited fundraising activity on behalf of a City candidate or a committee controlled by the candidate. LAMC § 49.7.11(C)(2).
4. If a lobbying entity engages in fundraising on your behalf, you must maintain for four years records that detail any contributions that result from that fundraising. LAMC § 48.05(A). Examples of these records include the following:

- Written solicitations for contributions or invitations to fundraisers distributed by the lobbying entity.
- Telephone and email logs detailing the lobbying entity's contacts with potential contributors.
- Contributor call and email lists.
- The amount of contributions raised as a result of the lobbying entity's fundraising activities.

You must make the records available to the lobbying entity upon request. LAMC § 48.05(C).

### *F. Returned Contributions*

A contribution is not considered received or accepted and does not need to be reported if it is not cashed, negotiated, or deposited and is returned to the contributor within certain time frames. Cal. Gov't Code § 84211(q); 2 CCR § 18531; LAMC § 49.7.7. The FPPC's "Campaign Disclosure Manual 2" provides instructions for how to report returned contributions and bounced contribution checks.

## CHAPTER 4 EXPENDITURES

### A. What is an Expenditure?

A campaign expenditure is a payment made for goods or services that is reasonably related to a political purpose. Cal. Gov't Code § 82025. Typical examples of campaign expenditures include but are not limited to payments for the following:

- Campaign communications, mass mailings, slate mailers.
- Campaign consulting and other professional services (legal, accounting, etc.).
- Advertising (print, electronic media, outdoor signs, etc.).
- Rent for office space or equipment.
- Salaries for campaign workers.

### B. Allowable Expenditures

All of your campaign expenditures must be reasonably related to a political purpose. Cal. Gov't Code § 89512.

#### 1. **Your Candidacy**

You may only use your campaign funds to make expenditures relating to your candidacy for City office. You may not use your campaign funds to support ballot measures or other candidates for elective office. Charter § 470(c)(9). In addition, funds from your campaign committee or officeholder committee may not be transferred to another committee established for a different elective City office or to an independent committee that supports or opposes a candidate for elective office, including you.

#### 2. **Personal Benefit**

An expenditure that gives you a substantial personal benefit must be directly related to a political, legislative, or governmental purpose. Cal. Gov't Code § 89512. The PRA governs 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, tickets for entertainment events and political fundraisers, travel and accommodations, and victory celebrations. Please contact the FPPC with specific questions.

#### 3. **Matching Funds**

Expenditures made with matching funds must be reasonably related to influencing or attempting to influence the action of the voters for or against a City candidate in your race. Using matching funds in any other way is a misappropriation of public funds and a violation of City law. LAAC § 24.38(a).

### C. Expenditure Methods

All campaign expenditures must be made from your campaign checking account. Charter § 470(g); Cal. Gov't Code § 85201. However, you may make expenditures by credit card or from a petty cash fund:

## **1. Credit Cards**

Credit card accounts may be established in the name of your campaign committee. Payments to the credit lender must be made from the campaign checking account.

If your committee uses your personal credit card, the account must have a zero balance (no outstanding personal debts) when the committee begins to use the card. Personal expenditures may no longer be made on that account until the campaign's balance has been paid and no other campaign expenditures will be made with that the credit card.

You must maintain credit card bills. You must also maintain original invoices and receipts for each credit card expenditure. You are also required to itemize each credit card expenditure of \$100 or more, including disclosing complete vendor information on Schedule E of California Form 460.

## **2. Petty Cash Fund**

Expenditures of \$100 or more may not be made in cash. However, your campaign may disburse up to \$50 per week from the campaign checking account for petty cash purposes. Cal. Gov't Code § 84300(b); Charter § 470(j). 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.

## ***D. Reimbursing Expenses***

### **1. Personal Funds**

You may not make campaign-related expenditures directly from your personal funds. You must first deposit personal funds into the campaign checking account before using them for campaign expenditures (except for your initial filing fee and the fee for your "Statement of Qualification"). See Section 1.A.3 for more information about the campaign checking account. Personal funds must be reported as a contribution to your campaign. See Section 1.A.3 for more information.

### **2. Volunteers and Paid Employees**

Volunteers and paid employees may be reimbursed for goods, services, and travel expenses if:

- Reimbursement is made within 45 calendar days after the expenditure was made; and
- Your treasurer received a written description of each expenditure and a dated receipt or invoice prior to reimbursement. 2 CCR § 18526(a)(2).

These reimbursements must be reported on Schedule E of Form 460. Unreimbursed goods, services, and travel expenses must be reported as non-monetary contributions.

### **3. 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 was made pursuant to a written contract which provides for the reimbursement of such expenditure between you or your committee and the agent or independent contractor; and
- Reimbursement is made within 45 calendar days after the expenditure was paid; and
- Your treasurer received a written description of each expenditure and a dated receipt or invoice prior to reimbursement. 2 CCR § 18526(b)(2).

### **4. Time Limit**

If reimbursements are not paid within 45 calendar days, the expenditure or provision of goods or services is considered a non-monetary contribution to your campaign and must be reported as such.

## **E. Accrued Expenses**

Campaign statements must contain the total amount of expenditures, as well as an itemization of each expenditure of \$100 or more, made during the period covered by the campaign statement. Cal. Gov't Code § 84211. An expenditure is considered to be made on the earlier of the date the payment is made or the date consideration (the good or service) is received. Cal. Gov't 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."

Accrued expenditures count toward the expenditure limit for matching funds participants. See Section 8.C for more information. Accrued expenditures also count toward candidate expenditure notification requirements. See Section 2.C for more information.

### **1. Reporting Accrued Expenses**

You must report accrued expenses of \$100 or more on Schedule F of California Form 460. Accrued expenses must be disclosed in the reporting period in which they are accrued and in each reporting period thereafter until the expense is paid in full. Once payment is made in full, the expense must also be reported on Schedule E.

*Example: During the last two months of 2018, you ordered and received literature from a printer at a cost of \$2,500, but you did not pay the printer until April 2019. On the January 2019 semi-annual campaign statement, you must report the \$2,500 unpaid bill as an accrued expense on Schedule F of your Form 460. On the July 2019 filing, you must itemize the accrued expense on Schedules E and F and report a beginning balance of \$2,500, a payment of \$2,500, and a balance owed of \$0.*

### **2. Administrative Expenses**

Regularly recurring administrative overhead expenses (rent, utilities, campaign salaries, etc.) continue from one reporting period to another. However, they do not have to be reported as accrued expenses, as long as the payment due date has not occurred by the end of the reporting period. 2 CCR § 18421.6(b).

Contracts with consultants and independent contractors are not considered regularly occurring administrative overhead and must, therefore, be accrued. 2 CCR § 18421.6.

### **3. Credit Card Bills**

Credit card bills that are not paid in full may need to be accrued. See FPPC's "Campaign Disclosure Manual 2," p. 8.41.

Additional information about accrued expenses is available in the FPPC's "Campaign Disclosure Manual 2."

## **CHAPTER 5 CAMPAIGN COMMUNICATIONS**

### *A. Disclaimers*

A campaign communication paid for or authorized by your campaign must include a disclaimer that identifies your campaign. LAMC §§ 49.7.2(B), 49.7.33(A).

A communication is a campaign communication if both of the following are true:

- It expressly advocates the election or defeat of a City candidate or ballot measure or, taken as a whole and in context, urges a particular result in a City election; *and*
- It is authorized, distributed, paid for, or behested by a City candidate or committee.

#### **1. Disclaimer Requirements**

The disclaimer must include the words "Paid for by" immediately followed by the full name, address, and city of that candidate or committee. If the sender of the communication is a controlled committee, the name of the person controlling the committee must also be included. The disclaimer must also include the words, "Additional information is available at ethics.lacity.org." LAMC § 49.7.33(A). The disclaimer must read as follows:

***"Paid for by [name of candidate or name of committee and person controlling the committee], [address & city].  
Additional information is available at ethics.lacity.org."***

Specific display criteria apply to the disclaimer, depending on the type of communication (LAMC § 49.7.33(D)):

##### a. Print

Disclaimers on printed communications must meet the criteria below, based on the size of the communication.

- i. Up to 24x36"
  - Must use a bold, sans serif typeface that is easily legible to an average reader.
  - Must be in a typeface that is not less than 14-point font.
  - Must be printed in a color that contrasts with the background.
- ii. Larger than 24x36"
  - Must be printed in a bold, sans serif typeface that is easily legible to an average reader.
  - Must be at least five percent of the height of the material.
  - Must be printed in a color that contrasts with the background.

b. Audio

- i. Disclaimers must be:
  - Spoken in a clearly audible manner at the same speed and volume as the rest of the communication.
  - At least five seconds long.
- ii. The disclaimer may be spoken at either the beginning or the end of the communication.
- iii. Disclaimers for audio communications (*e.g.*, telephone or radio) do not have to include the committee's address and city.

c. Video

- i. A written disclaimer must be:
  - In a bold, sans serif typeface that is easily legible to an average reader.
  - In a color that contrasts with the background.
  - Displayed for at least four seconds at either the beginning or the end of the video.
- ii. A spoken disclaimer is also required if the written disclaimer does not appear for at least five seconds in a video up to 30 seconds long and for at least 10 seconds in a video that is longer than 30 seconds.

## 2. Exceptions

- a. A disclaimer is *not required* on the following (LAMC § 49.7.33(E)(1)):
  - i. Slate mailers;
  - ii. Wearing apparel;
  - iii. Small promotional items (*e.g.*, pens, mugs, potholders); or
  - iv. Other items on which a disclaimer cannot be reasonably displayed in a legible typeface.
- b. An *abbreviated* disclaimer may be used for *small electronic ads* where a full disclaimer is impractical. LAMC § 49.7.33(E)(2).
  - i. At a minimum, an abbreviated disclaimer must include the words "Paid for by" immediately followed by the committee identification number provided by the FPPC.
  - ii. When a user interacts with the communication, the interaction must provide the user with the full disclaimer in an easily legible format, such as through a rollover or pop-up or on the landing page of a linked website.

## 3. Recordkeeping

See Section 6.C for information about recordkeeping for campaign communications.

## 4. Other Requirements

- a. If you mail 200 or more copies of a campaign communication in envelopes, the outside of the envelopes must include your name and address. Cal. Gov't Code § 84305.

- b. If the information in a disclaimer changes, the campaign communication must be amended within five business days. LAMC § 49.7.33(F).

## ***B. Social Media***

1. If your campaign uses social media (Twitter, Facebook, etc.) to communicate about the election, you must include the following statement on each account's home or main page (LAMC § 49.7.34(A)):

***"This account is being used for campaign purposes by [candidate or committee name]."***

This statement must be prominently displayed in a font that is easily legible by the average reader and in a color that contrasts with the background.

2. Individual messages sent from social media accounts (Tweets, Facebook posts, etc.) do not have to include a disclaimer. However, if the message includes a link to a campaign communication, the linked communication must include the appropriate disclaimer.
3. You must disclose your campaign's social media accounts to the Ethics Commission by filing Form 17. If the information changes, you must amend the form within 10 days of the change.

## ***C. Disclosure Requirement***

If you distribute or broadcast a campaign communication to 200 or more persons, you must file an electronic copy of the communication with the Ethics Commission. LAMC § 49.7.32(A). See Section 2.E for additional information.

## CHAPTER 6 RECORDKEEPING REQUIREMENTS

You are required to maintain detailed records regarding your campaign's activities. Charter § 470(i); LAMC § 49.7.17; Cal. Gov't Code § 84104. You must maintain the records for at least four years and make them available to the Ethics Commission upon request. Charter § 470(i); LAMC § 49.7.17; 2 CCR § 18401(b)(2).

*The checklist in Chapter 12 provides detailed information about how to maintain sufficient records.*

### A. Contribution Records

#### 1. **Contributor Information**

You may not deposit a contribution into your campaign checking account until you have the following information on file. LAMC § 49.7.16(A). You must return every contribution of \$100 or more within 60 days if you do not have all of the required information. Cal. Gov't Code § 85700.

##### a. Contributor's name

This must be the contributor's legal name. A contribution made in the name of someone other than the true source of the contribution is an "assumed name" contribution. Charter § 470(k). This is commonly referred to as political money laundering, and it is illegal.

*Example 1: Joe makes a contribution, and Bob reimburses him for it. Bob is the true source of the contribution, but neither of them discloses that fact. They have engaged in political money laundering.*

*Example 2: Susan makes a contribution and says it can be divided among all three of the adults who share her address. However, the other adults are unaware that she has done this, and they have not provided any funding for the contribution. Susan has laundered the portions of the contribution that are attributed to the other adults.*

If you discover that your committee received an assumed-name contribution, you must promptly pay the amount received to the City Treasurer for deposit in the City's general fund. Persons who launder contributions, knowingly receive laundered contributions, or aid and abet someone engaging in political money laundering are subject to criminal prosecution, civil suits, and administrative penalties. Charter § 470(o).

##### b. Contributor's address

This must include the street address, city, state, and zip code. A post office or business service center box may *not* be used.

##### c. Contributor's occupation and employer

If the contributor is self-employed, you must record the name of that individual's business. It is *not* sufficient to report the contributor as "self-employed." For

example, if contributor John Smith is a doctor and operates his own practice, his contributor information would be as follows:

<i>John Smith</i>	<i>Amount: \$350 on 8/18/19</i>
<i>#9 Main Street</i>	<i>\$450 on 9/7/19</i>
<i>Los Angeles CA 90000</i>	
<i>Occupation: Doctor</i>	
<i>Employer: John Smith Medical Office</i>	

If a contributor is retired, a homemaker, or unemployed, record that information. This information is not required if the contributor is a non-individual.

d. Amount of contribution

For non-monetary contributions, you must disclose the fair market value. The fair market value is the amount you or your committee would pay on the open market for the good or service. First try to obtain this information in writing from the contributor. If that is not possible, 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.

e. Date of contribution

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

## **2. Contributor Certification**

All of your fundraising and contribution forms (and their electronic equivalents) must give contributors the option to certify the following about their contributions:

- a. It is not being made under a false name;
- b. It is not being made under someone else's name;
- c. It has not been and will not be reimbursed;
- d. It is not from a lobbyist or lobbying firm that is prohibited from making the contribution; and
- e. It is not from a bidder, subcontractor, principal, or underwriting firm that is prohibited from making the contribution.

Obtaining this certification is evidence that you acted in good faith in receiving the contribution. LAMC §§ 49.7.16(B)-(C).

## **3. Loans**

A loan is a contribution to your campaign. See Section 3.C.4 for a more detailed discussion. For each loan, you must keep in your files a copy of the loan agreement and the following information:

- a. The amount of the loan;
- b. The lender;
- c. The interest rate;
- d. The due date; and
- e. The contributor information in Sections 6.A.1.a–c for guarantors and persons liable for the loan.

## B. Expenditure Records

1. You must keep detailed records of all expenditures made by your campaign. For every payment of \$25 or more, your records must identify the name and full address of the vendor or payee, the amount of the expense, the date of the transaction, and a description of the good or service for which the payment was made. Your expenditure records must include at least the following:
  - a. Receipts, bills, invoices, and work orders for expense transactions.
  - b. Receipts and invoices for credit card payments.
  - c. Receipts and invoices for petty cash payments.
  - d. Canceled checks, bank statements, credit card statements, and check registers.
  - e. Contracts
    - i. Employment agreements.
    - ii. Independent contractor agreements.
    - iii. Rental and lease agreements.
    - iv. Other contracts for service to your campaign.

*Example: Jane hires a campaign consultant to produce and distribute campaign communications for her. Jane must maintain all original invoices, bills, and receipts from each of the vendors used by the consultant. It is not sufficient for Jane to keep merely an invoice from the consultant that lists payments made to different vendors.*

2. A person who supplies goods or services to your campaign must keep detailed records of any transaction involving expenditures by your campaign. These records must be kept for at least four years and must be made available to the Ethics Commission upon request. Charter § 470(m). You should make your consultants, contractors, and vendors aware of this requirement.

## C. Campaign Communication Records

Campaign communications are discussed in more detail in Sections 2.E. and 5.A. For each campaign communication, you must retain the following in your records:

1. An original sample;
2. The distribution date;
3. The number of pieces distributed;
4. The method of distribution; and
5. Related expenditures.

## CHAPTER 7 LIMITS ON POLITICAL ACTIVITY

Certain political activities may not take place on City time, in City facilities, or with City resources.

**A.** No one may do either of the following:

1. Solicit contributions from a City official or employee to support or oppose a City candidate or officeholder. LAMC § 49.7.11(B)(1).
2. Solicit, receive, deliver, or attempt to deliver a contribution in a room or building that is owned by the City or a room or building that is paid for and used by the City and occupied by a City employee in the discharge of City duties. LAMC § 49.7.11(B)(2).
  - a. This prohibition does not apply to a City room or building that is available to the public for organized campaign activities.
  - b. This prohibition does not apply to a contribution received by mail, if it is forwarded to the campaign within seven days.

**B.** In addition to the prohibitions in A, City officials and employees also may **not** engage in political activity in the following scenarios:

1. While on duty for the City. LAMC § 49.5.5(B)(1).
2. In a manner that implies the individual is speaking on behalf of the City or communicating a City position (e.g., wearing a City uniform, wearing City insignia, using a City title, etc.). LAMC § 49.5.5(B)(2).
3. Using City resources (e.g., equipment, vehicles, supplies, mailing lists, email, electronic data, etc.). LAMC § 49.5.5(B)(4).

**C.** In addition to the prohibitions in A and B, City commissioners who file a Form 700 and the heads of City departments also may **not** do either of the following:

1. Solicit, direct, or receive a contribution from a person who has had a City matter pending before them in the preceding 12 months. LAMC § 49.7.11(C)(1).

*They may be disqualified from participating in a matter if they have received more than \$250 in campaign contributions from a person interested in the matter. Cal. Gov't Code § 84308.*

2. Engage in prohibited fundraising on behalf of a City candidate or officeholder. LAMC §§ 49.7.11(A)(2), (C)(2).

City officials and employees may do the following:

- **Endorse** a candidate, if it is clear that they are not speaking on behalf of the City.
- Perform **volunteer or paid campaign work**, if they do not use City resources or time.
- Make **political contributions**, subject to applicable limits. (This is limited and may be prohibited for members of the Ethics Commission.)

## CHAPTER 8 PUBLIC MATCHING FUNDS

City law establishes a public matching funds program to help promote a stage for multiple voices in City elections and to help restore public trust in government. The program helps qualified candidates for City office pay for their campaigns without having to rely on large campaign contributions or excessive fundraising and expenditures.

### *A. Participating*

You must file an "Acceptance or Rejection of Matching Funds" form (Form 20) with the Ethics Commission to state whether you agree or decline to participate in the matching funds program. The form may be filed any time after you file your "Declaration of Intent to Solicit and Receive Contributions" (Form 12), but it must be filed by the end of candidate filing week.

Your decision applies to both the primary election and the general election. *If you decide not to participate in the program for the primary, you cannot change your mind and participate in the program for the general.* LAMC § 49.7.23(A).

If you agree to participate and one of your opponents declines to participate, you have until 5:00 p.m. on November 15, 2019 (five business days after the end of candidate filing week) to withdraw from the program. LAMC § 49.7.22(C). An amended Form 20 must be filed to withdraw.

### *B. Qualifying*

After agreeing to participate in the program, you must meet certain qualifying criteria in order to actually receive matching funds. If you participate in the program, you are required to abide by the program rules, whether you actually qualify to receive funds or not.

The qualification criteria are detailed in the table on the following page.

Qualifying Criteria for Matching Funds Participants	
Office	Qualifications
City Council	<ul style="list-style-type: none"> <li>• Be certified to appear on the ballot.</li> <li>• Be opposed by a candidate who is also certified to appear on the ballot.</li> <li>• File all required campaign statements.</li> <li>• Attend, along with the committee treasurer, an Ethics Commission training.</li> <li>• Agree in writing to debate opponents at least once in the primary and twice in the general.</li> <li>• Receive qualifying contributions* of at least \$5 each from 200 individuals living in the council district.</li> <li>• Raise at least \$25,000 in qualifying contributions* from individuals living in the City (only the first \$250 of each contribution counts for qualification purposes).</li> <li>• Limit campaign spending to \$537,000 in the primary and \$448,000 in the general.</li> <li>• Limit contributions from the candidate’s personal funds to \$34,800 in the primary and \$34,800 in the general.</li> </ul>

\* Qualifying contributions must be received from City residents, within the fundraising window, and after you have filed a "Declaration of Intent to Solicit and Receive Contributions" form (Form 12) with the Ethics Commission. Qualifying contributions do not include contributions from you or your immediate family, loans, pledges, non-individual contributions, or non-monetary contributions. LAMC § 49.7.2(T).

To qualify, you must submit a "Matching Funds Request for Qualification or Claim for Payment" (Form 22) with proper supporting documentation, including a certification from each contributor regarding the accuracy of the contributor’s information. LAAC § 24.32(b). If you participate in the program but do not qualify in the primary, you may attempt to qualify in the general. LAMC § 49.7.23(B).

*If you qualify for matching funds in the primary, you automatically qualify for matching funds in the general.*

### C. Expenditure Ceiling

1. Once you agree to participate in the program, you are required to abide by the expenditure ceiling, regardless of whether you actually request or receive public funds. LAMC § 49.7.22(B). The expenditure ceiling is based on the type of election. The 2020 elections ceilings are:

<u>Office</u>	<u>Primary Election</u>	<u>General Election</u>
City Council	\$537,000	\$448,000

2. All expenditures related to the campaign count toward the ceiling.
  - a. Expenditures include but are not limited to bookkeeping and administrative costs incurred before and after the campaign, accrued expenditures, and non-monetary (in-kind) contributions.
  - b. The only exception is the filing fee paid to be certified to appear on the ballot.
  - c. Public funds may *not* be used to violate any law, to pay fines or penalties, or to pay inauguration expenses.
3. Your expenditure ceiling will be lifted in either of the following circumstances:

- a. A candidate in your race who is not participating in the program spends more than your expenditure ceiling.

*All candidates must notify the Ethics Commission on the day they raise more than the expenditure ceiling and again on the day they spend more than the ceiling. LAMC § 49.7.26. See Section 2.D.*

- b. Independent expenditure communications (IEs) to support or oppose a candidate in your race total more than the following amount:

<u>Race</u>	<u>Total IEs</u>
City Council	\$86,000

An independent expenditure communication is a communication that expressly advocates the election or defeat of a clearly identified candidate or, taken as whole and in context, unambiguously urges a particular result in an election but is not authorized, distributed, paid for, or behested by the affected candidate or committee. LAMC § 49.7.2(L).

***You may not exceed the expenditure ceiling until after you have received notice from the Ethics Commission that it has been lifted.***

- 4. If you exceed the expenditure ceiling when it has not been lifted, you may not repay yourself the balance of any personal loan you made. The outstanding amount is considered a personal contribution to your campaign. LAMC § 49.7.9(F).

### ***D. Maximum Funding***

The amount of funding available to each qualified candidate is limited. LAMC § 49.7.29. The limits vary, based on the office sought and the type of election:

<u>Office</u>	<u>Primary</u>	<u>General</u>
City Council	\$100,000	\$125,000

For each election, the Ethics Commission is required to evaluate the balance of the Public Matching Funds Trust Fund to determine what level of funding is available to eligible candidates. If the trust fund balance is insufficient to fully fund each qualified candidate, the Ethics Commission must approve a reduced maximum, based on a pro-rata analysis. LAMC § 49.7.30(C); LAAC § 24.33(d).

### ***E. Matching Formula***

- 1. Up to \$250 per contributor may be matched for a City Council candidate. LAMC § 49.7.27(A).

2. The following *cannot* be matched (LAMC § 49.7.2(T)):
  - Contributions from you.
  - Contributions from your immediate family (spouse, dependent children).
  - Contributions from non-individuals (businesses, unions, PACs, etc).
  - Contributions from individuals who do not reside within the City.
  - Contributions received before you file a "Declaration of Intent to Solicit and Receive Contributions"
  - Contributions received more than three months after the election.
  - Loans, pledges, and non-monetary contributions.
  - Returned contributions.
  - Unpaid contributions (*i.e.*, bounced checks).
3. There are two possible rates of match for qualified candidates, based on the number of qualified signatures obtained from registered voters during the nominating petition period. LAMC § 49.7.27(B).

Signatures Obtained	Rate in Primary	Rate in General
500 on nominating petitions	1:1	1:1
1,000 on nominating petitions	2:1	4:1
500 on nominating petitions <i>and</i> 500 on Matching Funds Additional Signatures Form (Form 21)	2:1	4:1

For Citywide candidates, signatures may be from any registered voter in the City. For City Council candidates, signatures must be from registered voters in their City Council districts. LAMC § 49.7.27(C)(2).

All nominating petitions and Matching Funds Additional Signatures Form (Form 21) signature pages must be submitted to the City Clerk between November 9 and December 4, 2019. The City Clerk's office verifies all signatures on Form 21 in the same way and by the same deadline that it verifies signatures on nominating petitions. LAMC § 49.7.27(C)(2).

## *F. Claiming Funds*

You must submit a "Matching Funds Request for Qualification or Claim for Payment" (Form 22) in order to claim a payment of matching funds. Your request for qualification may also serve as your first claim for payment.

1. You must submit with your claim a list of all contributions for which matching funds are requested.
  - a. The following must be provided for every contribution (LAAC § 24.34(a)(7)):
    - i. The contributor's name;
    - ii. The contributor's residence address;
    - iii. The contributor's certification that the information is correct and that the address provided is the contributor's residence address;
    - iv. Other contributor information gathered through contributor cards and the electronic equivalent;
    - v. Proof of the contribution, such as a copy of the check, a credit card transaction, a deposit slip, etc.; and
    - vi. Documentation that the contribution was made from personal (not business) funds.

- b. The list and the supporting documentation must be submitted in alphabetical order, by contributor last name.
2. You and your treasurer must sign the form to certify that all contributions are from City residents and have been deposited into the campaign bank account and that, to the best of your knowledge, all supporting documentation is true and complete.
3. You may submit a claim at any time before the election, but it will not be processed until the Ethics Commission staff has determined that you are qualified to receive funding. LAAC § 24.32(b).
4. Each claim must represent a certain amount of matchable contributions. LAAC §§ 24.34(c)(2)(A)–(B).
  - a. Up to 14 days before the election, a claim must represent at least \$10,000 in matchable contributions.
  - b. During the 14 days immediately preceding the election, a claim must represent at least \$1,000 in matchable contributions.
  - c. At any time, a claim may represent any amount in matchable contributions if it will result in you receiving a final payment for the maximum amount of matching funds available to you for that election.
5. The Ethics Commission staff processes every claim, to verify that you have met all the qualification requirements and certify the amount of matching funds you are eligible to receive. LAMC §§ 49.7.28, 49.7.30.
6. Payments are available to pick up at the Ethics Commission’s office within six business days after a request is submitted. LAAC § 24.34(f)(1). You will be notified when a payment is available. You must provide written notice of individuals authorized to pick up the payment.
7. Making a false claim is a misdemeanor, and all public funds received as a result of a false claim must be returned. In addition, a candidate who has been elected to office may be removed from office as a result of a false claim. LAMC § 49.7.28(D).

## *G. Additional Information*

1. A payment of public funds is not a final determination of the amount you are qualified to receive. LAAC § 24.34(g). All payments are subject to post-payment audits and adjustments. If you receive more public funds than you are entitled to, you must refund the amount in excess to the Public Matching Funds Trust Fund within 10 days of notice. Candidates who do not refund excess public funds are subject to legal action for collection. LAAC § 24.36(d).
2. Contributions received after an election are eligible for matching funds if they were received (LAMC § 49.7.10(C); LAAC § 24.34(c)(3)):
  - a. During the three months immediately following the election; *and*
  - b. For the purpose of retiring debt that was incurred during the election.

3. Surplus matching funds is the amount of unspent public funds that you have after you have withdrawn your candidacy or an election has occurred and expenditures incurred in that election have been paid. You must repay all surplus public funds to the Public Matching Funds Trust Fund within 90 days after the election or, if you withdraw from the election, within 10 days after the withdrawal. LAAC § 24.36(b).

## *Key Dates for Matching Funds Program*

### **2020 Election**

This schedule is intended only as a general guide to the deadlines established for the public matching funds program. For complete program requirements, see Charter § 471, LAMC §§ 49.7.1 *et seq.*, and LAAC §§ 24.31 *et seq.*

**September 3, 2019** — First day City Council candidates may file “Declaration of Acceptance or Rejection of Matching Funds.”

**November 9, 2019 (at 12:00 pm)** — Last day to file “Declaration of Acceptance or Rejection of Matching Funds.” *A candidate who fails to file by the deadline may not participate in the matching funds program.* First day to obtain the Matching Funds Additional Signatures Form (Form 21) at [ethics.lacity.org](http://ethics.lacity.org). First day to file Form 21 with the City Clerk.

**November 15, 2019 (at 5:00 pm)** — Last day for a candidate who originally accepted matching funds to notify the Ethics Commission in writing that the candidate has chosen to withdraw from the program. Withdrawal is permitted only if another candidate has rejected matching funds.

**December 4, 2019** — Last day to file Matching Funds Additional Signatures Form (Form 21) with the City Clerk.

**December 27, 2019** — Last day for Ethics Commission to make a determination regarding whether the amount of money in the trust fund is adequate to provide maximum matching funds to all qualified participants in the primary elections.

**February 21, 2020** — Last day for Ethics Commission to make a determination regarding whether the amount of money in the trust fund is adequate to restore maximum matching funds to all qualified participants in the primary elections (required only if the Ethics Commission pro-rates the maximum matching funds during the first determination).

**February 22, 2020** — First day candidates may submit a matching funds claim (Form 22) representing at least \$1,000 in qualified contributions.

### **March 3, 2020 — PRIMARY ELECTION**

**TBA** — Within 40 days after the City Clerk certifies candidates for the general election, the Ethics Commission will make a determination regarding whether the amount of money in the trust fund is adequate to provide maximum matching funds to all qualified participants in the general elections.

### **November 3, 2020 — GENERAL ELECTION, IF NECESSARY**

**June 3, 2020** — Last day Ethics Commission may accept matching funds claims (Form 22) for the primary election.

**February 3, 2021** — Last day Ethics Commission may accept matching funds claims (Form 22) for the general election.

## **CHAPTER 9**

### **AFTER THE ELECTION**

Even after an election is over, you continue to have responsibilities and legal obligations.

#### ***A. Fundraising***

1. You may receive contributions up to 12 months after the date of the general election. LAMC § 49.7.10(C).
  - a. Contribution limits continue to apply. See Section 3.C.
  - b. Contributions solicited or received after the election may be used *only* to retire campaign debt incurred for that election or to pay the campaign compliance, fundraising, or inauguration expenses for that election. LAMC § 49.7.10(C).
2. The expenditure ceiling continues to apply for matching funds participants (unless the Ethics Commission has notified you that they have been lifted). See Section 8.C.
3. Restrictions on repaying personal loans apply after an election. See Section 3.C.4.

#### ***B. Candidates Moving on to the General Election***

Candidates who proceed to the general runoff election must take the following steps:

1. Form a new committee for the general election.
  - a. File a California Form 410.
    - i. The original plus one copy with the Secretary of State's office; *and*
    - ii. A copy with the Ethics Commission.
  - b. Use a different name for your general committee that includes the term "runoff" or "general."
  - c. You do not have to terminate your primary election committee.
2. Open a new bank account for the runoff campaign committee.
  - a. Include the new bank account information on the Form 410 for your general committee. If you do not have a new bank account when you file your original Form 410, you must amend it with the bank information when you have it.
  - b. File a "Committee Bank Account Information" form (Form 14) with the Ethics Commission within 10 calendar days of opening the account.
  - c. You do not have to close your primary election bank account.

*You are responsible for maintaining adequate documentation to show that primary election expenditures are made from the primary bank account and general election expenditures are made from the general bank account.*

3. File a new "Declaration of Intent to Solicit and Receive Contributions" (Form 12). The declaration you filed for the primary election is automatically void after the primary election occurs. Charter § 470(c)(1).
4. File a new "Notification of Other Controlled Committees" form (Form 16) concurrently with the "Declaration of Intent to Solicit and Receive Contributions."
5. File required campaign disclosure statements for all of your controlled committees (e.g., primary election committee, general election committee, state committees, etc.).

### C. Candidates Elected to Office

1. Campaign funds remaining in your campaign bank account (excluding surplus matching funds) may be used as follows:
  - a. Retire campaign debt for the election.
  - b. Pay compliance, fundraising, or certain inauguration expenses for the campaign.
  - c. Return contributions to contributors.
2. Once the City Clerk has certified the election results, you may establish an officeholder committee. LAMC §§ 49.7.2(H), 49.7.19.
  - a. Officeholder funds may be used only for expenditures associated with holding office and are limited to specific types of expenditures. LAMC § 49.7.19(D).
  - b. If you elect to have an officeholder committee, you must redesignate a City campaign committee for that purpose. The campaign committee's "Statement of Organization" (California Form 410) must be amended with a new name, so that it is clear that the committee is to be used for officeholder purposes.
  - c. Certain amounts of campaign funds may be transferred to your officeholder committee after campaign debts are retired and surplus matching funds are returned. The maximum transfer may not exceed the following amounts during a fiscal year (LAMC §§ 49.7.19(G)(2), (H)(2)):
    - i. \$104,000 for a City Council member.
  - d. The total outstanding balance of an officeholder committee may not exceed the following amounts during a fiscal year (LAMC §§ 49.7.19(G)(3), (H)(3)):
    - i. \$104,000 for a City Council member.

## *D. Terminating Your Committee*

Your campaign committee may be terminated after an election once you have done all of the following (Cal. Gov't Code § 84214; 2 CCR § 18404):

1. You have returned surplus matching funds to the Public Matching Funds Trust Fund within 90 days after the election (or within 10 days after withdrawing from the election). LAAC § 24.36(b).
2. Your committee has a zero ending cash balance on its final California Form 460.
  - a. You have disposed of remaining campaign funds. You may dispose of them as follows (defeated candidates must do so by September 30):
    - i. Retire campaign debt for the election.
    - ii. Pay compliance, fundraising, or certain inauguration expenses for the campaign.
    - iii. Return contributions to contributors.
  - b. Your committee is no longer receiving contributions or making expenditures.
  - c. You have eliminated all your debts *or* you declare that you have no intention or ability to discharge all your debts and have obtained a signed, bona fide business write-off declaration from your affected vendors.
3. You have filed these documents:
  - a. All required campaign statements disclosing all reportable transactions, including the disposition of funds.
  - b. "Statement of Organization" (California Form 410)
    - i. File the original and one copy with the Secretary of State.
    - ii. File a copy with the Ethics Commission.
  - c. "Termination Statement" (California Form 460)
    - i. File the original with the Ethics Commission.

## CHAPTER 10 AUDITS

The Ethics Commission is required to conduct audits to ensure that campaign activity complies with state and City laws and is accurately disclosed to the public. Charter § 702(d).

### *A. Who is Audited*

If you raise or spend at least \$100,000, or if you receive public matching funds, your campaign committee will be audited. Any other committees that you controlled during the election cycle will also be audited. LAAC § 24.41(A).

### *B. How the Audit is Conducted*

Audits are conducted after the election is over and the semi-annual campaign statement has been filed. An audit guide is provided to committees well in advance of the audit, so that they can familiarize themselves with the audit process. The Ethics Commission auditors will work with you during the audit to help clarify issues and resolve any potential audit findings.

A written audit report is published for each committee. The report contains statements of fact about the committee's compliance with applicable laws and, if necessary, identifies audit findings. You will have an opportunity to review a draft report and may provide a written response to any audit findings it contains. Your response may be included in the final audit report.

For more information about the audit process, please refer to the "Audit Policy" in Appendix 5.

### *C. Your Responsibility*

You must maintain detailed accounts, records, bills, and receipts necessary to prepare your campaign statements. Charter § 470(i). It is your responsibility to make sure that you obtain, at a minimum, all of the documentation specified in Chapter 12.

You must retain your campaign documents for at least four years after the related campaign statement is filed. You must also provide your campaign records to the Ethics Commission when asked to do so.

## CHAPTER 11 ENFORCEMENT

A person who fails to comply with the campaign finance laws is subject to a variety of potential penalties.

### *A. Late Filing Fees*

In addition to any other penalty that may be imposed, information and documents that are not timely filed are subject to late fees:

1. Filings required by City law are subject to late fees of \$25 per day, up to \$500 per filing. LAMC § 49.7.39.
2. Filings required by state law are subject to late fees of \$10 per day, up to \$100 per filing. Cal. Gov't Code § 91013.

### *B. Administrative Penalties*

The Ethics Commission is required to conduct investigations and enforce against violations of the campaign finance laws. Charter § 706. When the Ethics Commission determines that a violation has occurred, it may issue an order to do one or more of the following:

1. Cease and desist from the violation.
2. File required documents or information.
3. Pay a monetary penalty of up to the greater of \$5,000 per violation or three times the amount that was improperly reported, contributed, spent, or received.

A person who aids or abets another person in a violation of a City campaign finance law is also subject to administrative enforcement. Charter § 706.

### *C. Other Liability*

A person who violates or aids and abets another in a violation of the City's campaign finance laws may also be held accountable through criminal misdemeanor charges and civil actions. Charter § 470(o); LAMC §§ 49.7.38(A)–(B).

### *D. Whistleblower Hotline*

The Ethics Commission is required to maintain a whistleblower hotline for reports of possible violations of the law. Charter § 702(g). A complaint may be made anonymously, but it is helpful to include your contact information and as much relevant information as possible.

**Whistleblower Hotline:**

(800) 824-4825

[ethics.lacity.org/enforcement/#reportaviolation](https://ethics.lacity.org/enforcement/#reportaviolation)

*The Ethics Commission cannot comment on the existence or nonexistence of a pending investigation. This is required by City law to protect the integrity of the investigation, protect the reputations of parties against whom complaints are filed, and prevent political manipulation of the complaint process. Charter § 706(a)(2); LAAC §§ 24.23(a)(4), 24.29(c).*

## CHAPTER 12 COMMITTEE CHECKLIST

### Have you done these things?

#### *Before Raising or Spending Money:*

- Familiarize yourself with the fundraising window for your elective office (Section 1.B).
- Review the state and City laws pertaining to municipal elections (See Introduction Section).
- Learn the contribution limits for your elective office (Section 3.C).
- File all required forms with the Ethics Commission (Section 1.A.1).
- Open one campaign checking account and file Form 14 (Section 1.A.3).
- Upon raising or spending \$2,000, organize your campaign committee by filing California Form 410 (Section 1.A.2).

#### *During Candidate Filing Week:*

- File all forms required by the City Clerk's Election Division (Section 1.C).
- File your Statement of Economic Interests (California Form 700) (Section 1.C.2).
- File your Statement of Acceptance or Rejection of Matching Funds (Section 1.C.3).
- Disclose any City-related business (Section 1.C.4).

#### *Throughout Your Campaign:*

- File your Matching Funds Additional Signatures Form, if applicable, from November 9 through December 4, 2019 (Section 8.E).
- File campaign disclosure statements (Section 2.A).
- File all notification reports (Sections 2.C-D).
- File 24-hour contribution reports (Section 2.B).
- Include disclaimers in campaign communications (Section 5.A.1).
- Identify and disclose social media accounts used by your campaign (Section 5.B).
- File an electronic copy of each campaign communication at the time of distribution if distributed to 200 or more persons (Section 5.C).

## *Retain for Your Records:*

- \_\_\_ Contributor information, including the name, address (including zip code), occupation, employer (if self-employed, the name of the business), date of contribution, amount of contribution, and cumulative amount of all contributions.
- \_\_\_ Contributor certifications for contributions used for matching funds purposes.
- \_\_\_ Photocopies of contribution checks and credit card transaction receipts.
- \_\_\_ Documentation of whether each contribution is a personal or business contribution.
- \_\_\_ Documentation of whether each contribution results from fundraising activity by a lobbying entity.
- \_\_\_ Copies of deposit receipts and deposit slips attached to the associated checks.
- \_\_\_ Bank statements, check registers, journals, passbooks, etc.
- \_\_\_ Bank debit and credit memos, including non-sufficient funds (NSF) check notices and redeposit slips.
- \_\_\_ Sample contributor card and website contribution page with disclaimers.
- \_\_\_ Originals of all mass mailings and campaign literature and records to document the date mailed, the number of pieces sent, the method of postage, and filing with the Ethics Commission.
- \_\_\_ Copies of campaign scripts, recordings, and print ads.
- \_\_\_ Copies of notification letters sent by your campaign. See the notification requirements in Sections 2.C and 2.D.
- \_\_\_ Documentation—such as canceled checks, invoices, receipts, bills, and contracts—for all expenditures, including records of media buys and associated costs.
- \_\_\_ Documentation of loans, including written agreements, lender names, amounts lent, due dates, and interest rates.
- \_\_\_ A record of your committee's efforts to resolve campaign issues pertaining to matters such as aggregation of contributions, or missing or incomplete contributor information.
- \_\_\_ Documentation from contributors showing that certain contributions do not require aggregation, such as the verification document available on the Ethics Commission's website, written statements from individuals authorized to speak on behalf of the contributor, or publication materials showing ownership or control of a business entity.
- \_\_\_ Contracts, including those for goods, services, rentals, leases, and personal loans.
- \_\_\_ Original invoice/receipt for each credit card transaction.
- \_\_\_ Original invoice/receipt for each payment made by a campaign consultant.
- \_\_\_ Contributor certification for contributions used for matching funds purposes.

## NOTES

## APPENDICES

- Appendix 1: Charter Provisions on Campaign Finance  
*Charter §§ 470–471*
- Appendix 2: Campaign Finance Ordinance  
*LAMC §§ 49.7.1 et seq.*
- Appendix 3: Public Matching Funds Regulations  
*LAAC §§ 24.31 et seq.*
- Appendix 4: Excess Contribution Policy
- Appendix 5: Audit Policy
- Appendix 6: Governmental Ethics Ordinance  
*LAMC §§ 49.5.1 et seq.*
- Appendix 7: Municipal Lobbying Ordinance  
*LAMC §§ 48.01 et seq.*
- Appendix 8: Federal Elections Commission’s Brochure on Foreign Nationals

**APPENDIX 1**

Charter Provisions on Campaign Finance  
*Charter §§ 470–471*

**Los Angeles City Charter  
ARTICLE IV – ELECTIONS**

**CAMPAIGN FINANCE**

**SEC. 470      LIMITATIONS ON CAMPAIGN CONTRIBUTIONS IN CITY ELECTIONS.**

***[Note: The limits in this section are subject to change under Los Angeles City Charter § 702(h). Please check with the Ethics Commission for the current limits.]***

**(a) Purpose.**

The purpose of this section is 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 offices of Mayor, City Attorney, Controller and City Council of the City of Los Angeles and by regulating the disposition of unexpended contributions received by or on behalf of such candidates.

This section is intended to supplement the Political Reform Act of 1974.

**(b) Definitions.**

(1) The definitions set forth in the Political Reform Act of 1974 as amended (Government Code Sections 82000 through 82055) shall govern the interpretation of this section, unless otherwise specified herein.

(2) The term elected City office, as used herein, shall mean the offices of Mayor, City Attorney, Controller and member of the City Council.

(3) The term election shall include a primary nominating election, a general municipal election, a special election and a recall election.

**(c) Campaign Contribution Limitations.**

In addition to the provisions of the Charter, the City may adopt additional restrictions by ordinance.

(1) No intended candidate for any elected City office, 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 elected City 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 file such declaration for more than one elected City office nor have more than one such declaration on file at the same time. 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 470. 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 five hundred dollars (\$500) to any candidate for City Council and to his or her controlled committee for a single election. A candidate for City Council and his or her controlled committee shall not accept any contribution or contributions totaling more than five hundred dollars (\$500) from any person for a single election. Nothing in this section is intended to limit the amount a candidate may contribute to his or her campaign for City Council from his or her personal funds.

(4) No person shall contribute a total of more than one thousand dollars (\$1,000) to any candidate for Mayor, City Attorney or Controller and to his or her controlled committee for a single election. A candidate for Mayor, City Attorney or Controller, and or his or her controlled committee, shall not accept any contribution or contributions totaling more than one thousand dollars (\$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 Mayor, City Attorney or Controller from his or her personal funds.

(5) [Repealed.]

(6) No person shall make a contribution in connection with a single election for an elected City office which would cause the aggregate amount of such contributions by that person to exceed a sum equal to five hundred dollars (\$500) multiplied by the number of City Council offices appearing on the ballot at that election plus one thousand dollars (\$1,000) multiplied by the number of City-wide offices appearing on the ballot at that election, but in no case less than one thousand dollars (\$1,000), in connection with all candidates in that election seeking election to all elected City offices; provided, however, that a candidate shall not be limited by this Subsection (6) in the amount

he or she may contribute or expend in connection with his or her own campaign, subject to the provisions of Subsection (c)(10) of this section.

(7) Contributions From Persons Other than Individuals.

(A) No candidate for City Council, together with the controlled committee of such candidate, shall accept more than a total of one hundred fifty thousand dollars (\$150,000) in contributions from persons, other than individuals, in connection with any election.

(B) No candidate for City Attorney or Controller, together with the controlled committee of such candidate, shall accept more than a total of four hundred thousand dollars (\$400,000) in contributions from persons, other than individuals, in connection with any election.

(C) No candidate for Mayor, together with the controlled committee of such candidate, shall accept more than a total of nine hundred thousand dollars (\$900,000) in contributions from persons, other than individuals, in connection with any election.

(D) If a candidate for elected City office declines matching funds and receives contributions or spends an amount exceeding the applicable expenditure ceilings, this subsection shall not apply to any of the candidates for the same office.

(8) No person shall make, and no person or candidate shall solicit or accept any loan of more than five hundred dollars (\$500) for use in connection with an election for City Council, or of more than one thousand dollars (\$1,000) for use in connection with an election for Mayor, City Attorney or Controller. Further, no person shall make, and no person or candidate shall solicit or accept any loan for use in connection with an election for City 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. This Subsection (8) shall not limit the amount or duration of loans from the candidate to his or her own campaign.

(9) 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 City office or in support of or in opposition to any City ballot measure. No candidate, committee controlled by a candidate, or elected City officer 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 for elected City office or in support of or in opposition to any City ballot measure.

(10) [Repealed.]

(11) No elective City officer or candidate for elective City office, nor any of his or her City controlled committees, shall solicit or accept any contribution to the officer or candidate, or to any of his or her City controlled committees, from any lobbyist or lobbying firm registered to lobby the City office for which the candidate is seeking election, or the current City office, commission, department, bureau or agency of the candidate or officer. No person required by ordinance to be registered as a lobbyist or lobbying firm shall make any contribution to an elective City officer or candidate for elective City office, or to any of his or her City controlled committees, if the lobbyist or lobbying firm is required by ordinance to be registered to lobby the City office for which the candidate is seeking election, or the current City office, commission, department, bureau or agency of the candidate or officer.

(12)

(A) The following persons shall not make a campaign contribution to any elected City official, candidate for elected City office, or City committee controlled by an elected City official or candidate:

(i) A person who bids on or submits a proposal or other response to a contract solicitation that has an anticipated value of at least \$100,000 and requires approval by the City Council;

(ii) Subcontractors that are expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of a person defined in subparagraph (i); and

(iii) Principals of persons defined in subparagraphs (i) and (ii).

(B) The following persons shall not make a campaign contribution to the Mayor, the City Attorney, the Controller, a City Council member, a candidate for any of those elected City offices, or a City committee controlled by

a person who holds or seeks any of those elected City offices:

(i) A person who bids on or submits a proposal or other response to a contract solicitation that has an anticipated value of at least \$100,000 and requires approval by the elected City office that is held or sought by the person to whom the contribution would be given;

(ii) Subcontractors that are expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of a person defined in subparagraph (i); and

(iii) Principals of persons defined in subparagraphs (i) and (ii).

(C) The following persons shall not engage in prohibited fundraising for any elected City official, candidate for elected City office, or City committee controlled by an elected City official or candidate as further provided by ordinance:

(i) A person who bids on or submits a proposal or other response to a contract solicitation that has an anticipated value of at least \$100,000 and requires approval by the City Council;

(ii) Subcontractors that are expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of a person defined in subparagraph (i); and

(iii) Principals of persons defined in subparagraphs (i) and (ii).

(D) The following persons shall not engage in prohibited fundraising for an elected City official, candidate for the elected City office, or City committee controlled by a person who holds or seeks the elected City office as further provided by ordinance:

(i) A person who bids on or submits a proposal or other response to a contract solicitation that has an anticipated value of at least \$100,000 and requires approval by the elected City office that is held or sought by the person for whom the fundraising would be conducted;

(ii) Subcontractors that are expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of a person defined in subparagraph (i); and

(iii) Principals of persons defined in subparagraphs (i) and (ii).

(E) The prohibitions in paragraphs (A) and (B) shall apply from the time the bid or proposal is submitted until the contract is signed, the bid or proposal is withdrawn by the bidder or proposer, or the City rejects all proposals for the contract, whichever is earlier. The prohibitions shall continue for 12 months after the contract is signed for the successful bidder or proposer, its principals, its subcontractors of at least \$100,000, and the principals of those subcontractors.

(F) For purposes of this subdivision, a principal of a person who is a bidder, proposer, or subcontractor means the person's board chair, president, chief executive officer, chief operating officer, or the functional equivalent of those positions; any individual who holds an ownership interest in the person of 20 percent or more; and any individual authorized by the bid or proposal to represent the person before the City.

(G) This subdivision shall not apply to:

(i) Contributions to or fundraising on behalf of elected officials or candidates for elected City office where that official's approval is required only by section 262, 271(d), or 370 of the Charter other than contracts required to be approved by the City Council that have an anticipated value of at least \$100,000 and proprietary department contracts that have an anticipated value of at least \$100,000;

(ii) Contributions to or fundraising on behalf of members of the City Council where the City Council's approval authority is only through Charter section 245 except as further restricted by ordinance;

(iii) Any contract governed by Charter section 609(e);

(iv) A governmental entity; and

(v) A candidate for elected City office who is a bidder, proposer, subcontractor or subcontractor's principals with regard to using personal funds or engaging in fundraising on the candidate's own behalf for the candidate's election for City office.

(H) Every contract solicitation regarding a contract subject to this provision shall include notice of the prohibitions of this subdivision. At the time of submitting a bid or proposal for a contract subject to this section, the bidder or proposer must complete a form identifying the names of its principals, subcontractors of at least \$100,000, the principals of those subcontractors, and certify that the bidder or proposer will comply with and notify its

principals and subcontractors of the prohibitions in this subdivision; and provide any other information determined necessary.

(I) In addition to any other penalties that may apply, any person found to have violated this section is subject to contract debarment as further provided by ordinance. If the determination is made to impose debarment, the minimum terms of debarment shall be one year for the first violation, two years for the second violation, three years for the third violation, and four years for the fourth violation.

(J) The City Council may adopt ordinances as necessary to carry out the purposes of this provision. Nothing contained in this subdivision (c)(12) shall be construed or applied to limit the authority of the City Council by ordinance to adopt additional regulations, including sanctions, for the conduct or activities that is the subject matter addressed herein.

**(d) Cash Contributions.**

No person shall make, and no candidate or committee shall solicit or accept, any cash contribution in excess of twenty-five dollars (\$25).

**(e) Anonymous Contributions.**

Total anonymous contributions to a candidate or committee which exceed in the aggregate two hundred dollars (\$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.

**(f) Adjustment of Limits.**

The amounts specified in Subsections (c) and (d) of this section may be modified from time to time by ordinance to reflect changes in the consumer price index for the Los Angeles-Long Beach metropolitan statistical area.

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

No more than one campaign contribution checking account shall be established by each candidate for elected City 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 City election. A candidate, treasurer or designated agent of the treasurer shall pay all campaign expenditures for a City 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 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.

**(h) Treasurer.**

A candidate having campaign committees for elected City office 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.

**(i) 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.

**(j) Petty Cash Fund.**

Subsection (g) 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 fifty dollars (\$50) per week to be used for petty cash purposes by the candidate or committee.

**(k) 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.

**(l) 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 comply with the applicable disclaimer requirements established by ordinance.

**(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 an elected City 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) 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) Report apparent violations of this section and applicable state law to the City Attorney.
- (2) Conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for City offices as required under both the Political Reform Act of 1974 as amended and this section. The City Ethics Commission shall employ investigators where necessary to fully investigate candidate spending and reporting.
- (3) Enforce or cause to be enforced the provisions of this section pursuant to Section 90002(c) of the Government Code. The City Ethics

Commission may subpoena witnesses, compel their attendance and testimony, administer oaths and affirmations, take evidence and require by subpoena the production of any books, papers, records or other items necessary to the audit and investigation of candidates for election to City office.

**(o) Enforcement.**

(1) Criminal Enforcement. Any person who knowingly or willfully violates any provisions of this section is guilty of a misdemeanor. Any person who 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 two years after the date on which the violation occurred.

(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 or by a person residing within the City. Where no specific civil penalty is provided, a person may be liable for an amount up to two thousand dollars (\$2,000) for each violation.

(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, before filing a civil action pursuant to this subsection, must first file with the City Attorney a written request for the City Attorney to commence the action. The request shall contain a statement of the grounds for believing a cause of action exists. The City Attorney shall respond within 40 days after receipt of the request, indicating whether the City Attorney intends to file a civil action. If the City Attorney indicates in the affirmative, and files suit within 40 days thereafter, no other action may be brought unless the action brought by the City Attorney 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.

(i) No civil action alleging a violation of Subsection (c) of this section, in connection with a contribution or expenditure shall be filed more than four years after an audit could begin as set forth in the Political Reform Act of 1974 as amended.

(ii) No civil action alleging a violation of any provisions of this section other than Subsection (c) of this section shall be filed more than four years after the date of the violation.

**(p) 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 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.

**(q) 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 such declarations, reports and statements.

**(r) Injunction.**

The City Attorney on behalf of the people of the City of Los Angeles or any person residing in the City of Los Angeles may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this section. The Court may award a plaintiff or defendant who prevails his or her costs of litigation, including reasonable attorney's fees; provided, however, that no such award may be granted against the City of Los Angeles.

**(s) Severability.**

If any provision or portion of this section is for any reason held to be invalid or unconstitutional by the decision of any court, such decision shall not affect the remaining portions of this section.

## Los Angeles City Charter ARTICLE IV – ELECTIONS

### CAMPAIGN FINANCE

#### SEC. 471 PUBLIC MATCHING FUNDS AND CAMPAIGN EXPENDITURE LIMITATIONS.

(a) **Findings and Purposes.**

(1) Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but the financial strength of certain individuals or organizations should not permit them to exercise a disproportionate or controlling influence on the election of candidates.

(2) Therefore, this section is enacted to accomplish the following purposes:

(A) To assist serious candidates in raising enough money to communicate their views and positions adequately to the public without excessive expenditures or contributions, thereby promoting public discussion of the important issues involved in political campaigns.

(B) To limit overall expenditures in campaigns, thereby reducing the pressure on candidates to raise large campaign funds for defensive purposes, beyond the amount necessary to communicate reasonably with voters.

(C) To provide a source of campaign financing in the form of limited public matching funds.

(D) To substantially restrict fund-raising in non-election years.

(E) To increase the value to candidates of smaller contributions.

(F) To reduce the excessive fund-raising advantage of incumbents and thus encourage competition for elective office.

(G) To help restore public trust in governmental and electoral institutions.

(H) To avoid corruption or the appearance of corruption by providing an alternative source of funding for campaigns and reducing real or perceived ties between elected officials and special interests.

(b) **Matching Funds and Expenditure Limitations Authorization.**

The City shall also adopt by ordinance limitations on campaign expenditures by candidates for elected City office who qualify for and accept public matching funds. The City shall adopt by ordinance regulations concerning the use of public funds to partially finance campaigns for elected City office through a system of matching public funds for qualifying campaign contributions. Such ordinances may be amended to further the purposes of this section of the Charter.

(c) **Appropriation of Funds.**

(1) The City Council shall appropriate two million dollars (\$2,000,000) per fiscal year for public matching funds. The Council shall appropriate such funds for each following fiscal year. The amount of such appropriation shall be adjusted for cost of living changes based on the percentage increase or decrease in the Consumer Price Index (for all items other than housing) for the Los Angeles-Riverside-Orange County metropolitan statistical area using 1991 as the base year. The City Council, by a two-thirds vote, may reduce or eliminate the annual appropriation made during a fiscal year provided that: (a) the City Council has declared a fiscal emergency by resolution that is in effect for that fiscal year; (b) the trust fund balance is no less than eight million dollars (\$8,000,000) in 1991 dollars adjusted to the Consumer Price Index at the time of the appropriation; and (c) the City Council has considered the City Ethics Commission's analysis regarding projected costs and estimated public funding needs for the next four years.

(2) All such funds shall be appropriated into a trust fund established by the Council by ordinance with interest accruing to the fund. In addition to the authority provided by Charter section 340, the City Council, by a two-thirds vote, may temporarily transfer funds from the trust fund to meet obligations of the City in any fiscal year, provided that: (a) the City Council has declared a fiscal emergency by resolution that is in effect for that fiscal year; (b) the City Council has considered the City Ethics Commission's analysis regarding projected costs and estimated public funding needs for the next four years; and (c) the funds transferred are limited to funds above a trust fund balance of eight million dollars (\$8,000,000) in 1991 dollars adjusted to the Consumer Price Index. Any

transferred funds shall be reimbursed to the trust fund by either (a) the date the City Ethics Commission determines the funds are needed for their intended purposes, or (b) before the end of the next fiscal year, whichever is earlier.

(3) If there are insufficient funds to provide the maximum matching funds available to a candidate in any election, as specified by ordinance, the limitations on total contributions from persons other than individuals imposed by Section 470 shall not apply to any of the candidates for the same office.

(4) The funds used to make payments for matching funds shall come exclusively from City sources of revenues.

## **APPENDIX 2**

Campaign Finance Ordinance  
*LAMC §§ 49.7.1 et seq.*

# Campaign Finance Ordinance

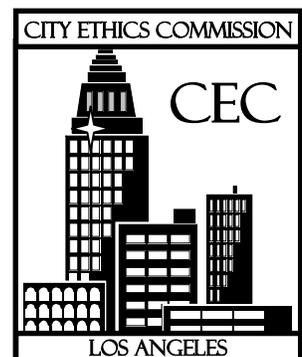
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◆◆◆ Los Angeles Municipal Code §§ 49.7.1 *et seq.*

*Effective October 15, 2017*

Prepared by



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# Campaign Finance Ordinance

Los Angeles Municipal Code Chapter IV, Article 9.7

Added by Ordinance No.165607, effective 4/21/90.

Amended in the entirety by Ordinance No.182264, effective 10/29/12.

## SEC. 49.7.1. RELATION TO THE CITY CHARTER.

The provisions of this Article are in addition to and supplement the regulations contained in Charter Sections 470, 471, 609(e), and 700, et seq.

### History:

Amended by Ord. 172942, effective 1/21/00.

Amended by Ord. No. 175344, effective 8/16/03.

Amended by Ord. No. 183236, effective 10/30/14.

## SEC. 49.7.2. DEFINITIONS.

The following terms have the meanings identified below. Other terms used in this Article have the meanings identified in the Political Reform Act.

**A. “Behested”** means made at the request of, at the suggestion of, with the cooperation of, in concert with, in consultation with, in coordination with, under the direction of, or under any arrangement with a candidate or candidate’s City controlled committee.

1. There is a rebuttable presumption that a communication is behested in any of the following circumstances:
  - a. The communicator and the candidate retain the same individual or entity to provide non-ministerial, campaign-related professional services, including but not limited to polling, campaign research, media consultation or production, direct mail consultation, and

- fundraising, in the same election cycle.
- b. The communication reproduces or redistributes, in whole or substantial part, a campaign, officeholder, or legal defense communication.
- c. The communication includes information about a candidate’s campaign plans, projects, or needs that is not generally available to the public or is provided directly or indirectly by the candidate.
- d. The communicator discusses or negotiates the communication with the candidate.
- e. The communicator is serving or has served in a formal advisory or policy-making position with the candidate or has participated in strategic or policy-making discussions with the candidate regarding the pursuit of nomination or election to office and, in the same election cycle, the candidate is pursuing the office that the campaign communication is intended to influence.
- f. The communication is made in connection with fundraising events or campaign activities co-sponsored by the candidate and the communicator.

2. None of the following circumstances is sufficient in and of itself to constitute a behested campaign, officeholder, or legal defense communication:
    - a. The communicator interviews the candidate regarding legislative or policy issues that affect the spender or discusses campaign-related issues with the candidate but does not communicate with the candidate regarding the communication.
    - b. The communicator solicits or obtains a photograph, biography, position paper, press release, or similar material from the candidate and, without the candidate's prior knowledge, uses that material in the communication.
    - c. The communicator made a contribution to the candidate or the candidate's City controlled committee.
    - d. The communicator communicates to the candidate the intent to make a communication but does not discuss or negotiate the communication with the candidate.
    - e. A member of a communicator organization provides volunteer services to or works for the affected candidate's campaign. This exception does not apply if the member was also involved in the activities of the communicator's political action committee, makes payments on behalf of the communicator, is serving or has served the candidate in a formal advisory or policy-making position, or is making or has engaged in strategic or policy-making discussions with the candidate.
    - f. The communication was made in response to an unsolicited request from a political party leader or an agent of the leader.
    - g. The communicator employs or is under contract with a political consultant or pollster who previously rendered services to the candidate.
  3. "Communicator" means a person who makes or incurs an expenditure for a communication or causes a communication to be distributed or displayed. Reference to a communicator includes the communicator's agent. Reference to a candidate includes the candidate's agent and City controlled committees.
- B. "Campaign communication"** means a communication that expressly advocates the election or defeat of a clearly identified City candidate or ballot measure or, taken as a whole and in context, unambiguously urges a particular result in a City election and is authorized, distributed, paid for, or behested by a candidate for elected City office, or by a City controlled committee, a City recall committee, or a City ballot measure committee.
- C. "City controlled committee"** means a committee created for City purposes and controlled by an elected City officer

or a candidate for elected City office. The term includes City campaign committees, officeholder committees, legal defense committees, and recall and ballot measure committees. The term does not include a committee created for election to or the holding of a non-City office.

- D. **“City official”** has the same meaning as in Section 49.5.2(C).
- E. **“Citywide office”** means the offices of City Attorney, Controller, or Mayor.
- F. **“Communication”** means a message that conveys information or views in a scripted or reproducible format, including but not limited to paper, audio, video, telephone, electronic, Internet, Web logs, and social media.
- G. **“Elected City office”** means the office of City Council member, City Attorney, Controller, or Mayor.
- H. **“Elected City officer”** means a person who holds elected City office, whether appointed or elected.
- I. **“Fiscal Year”** means the 12-month period beginning July 1 and ending June 30.
- J. **“Fundraising event”** means an event designed for political fundraising, at which contributions for an elected City officer, a candidate for elected City office, or a City controlled committee are solicited or received.
- K. **“General election”** means a regular or special general municipal election at which an elected City office or a City measure is on the ballot.

L. **“Independent expenditure communication”** means a communication that expressly advocates the election or defeat of a clearly identified City candidate or ballot measure or, taken as a whole and in context, unambiguously urges a particular result in a City election and is not authorized, distributed, paid for, or behested by the affected candidate or committee. The term includes member communications, as defined in the Political Reform Act, if any of the following applies:

1. The communication is not a type that is routinely distributed by the member organization;
2. The communication is not directed solely to and intended only for the member organization’s own members; or
3. The cost of the communication exceeds the amount that the member organization routinely spends for that type of communication.

M. **“Legal defense communication”** means a communication authorized, distributed, paid for, or behested by a legal defense committee or the person who controls the committee.

N. **“Non-participating candidate”** means a candidate for elected City office who has not agreed to participate in the public matching funds program, has subsequently declined to participate in the public matching funds program, or has been disqualified from participating in the public matching funds program.

**O. “Officeholder communication”** means a communication authorized, distributed, paid for, or behested by an officeholder committee or the person who controls the committee.

**P. “Participating candidate”** means a candidate for elected City office who has agreed to participate in the public matching funds program, has filed a statement of acceptance of matching funds, has not subsequently declined to participate in the matching funds program, and has not been disqualified from participating in the matching funds program.

**Q. “Political communication”** means a campaign communication, an independent expenditure communication, a legal defense communication, or an officeholder communication.

**R. “Political Reform Act”** means the California Political Reform Act of 1974 (California Government Code Sections 81000 *et seq.*) and the related regulations of the California Fair Political Practices Commission.

**S. “Primary election”** means a regular or special primary nominating election at which an elected City office or a City measure is on the ballot.

**T. “Qualified contribution”** means a contribution that meets all of the following criteria:

1. The contribution is lawful under federal, state and City law.
2. The contribution was received by a participating candidate.

3. The contribution was not received from the participating candidate or the participating candidate’s immediate family.
4. The contribution was received from an individual residing within the City.
5. The contribution is monetary and is not a loan or pledge.
6. The contribution was received no later than three months after the date of the election, no earlier than the opening of the applicable fundraising window in Section 49.7.10, and no earlier than the following dates:
  - a. For primary elections, the date on which the candidate filed a Declaration of Intent to Solicit and Receive Contributions.
  - b. For general elections, the date on which the candidate was permitted to begin soliciting and accepting contributions.

*History:*

*Added by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 181972, effective 1/28/12.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.1.1).*

*Amended by Ord. 182362, effective 1/30/13.*

*Amended by Ord. No. 183236, effective 10/30/14.*

*Amended by Ord. No. 183414, effective 3/13/15.*

**SEC. 49.7.3. CHARTER-BASED ADJUSTMENTS.**

The Ethics Commission has a duty under Charter Section 702(h) to annually adjust limitations and disclosure thresholds in City law to reflect changes in the Consumer Price Index (CPI).

- A. The duty applies to the following provisions in the City's campaign finance laws:
  - 1. The per-person limits on campaign contributions in Charter Sections 470(c)(3) and 470(c)(4).
  - 2. The per-person limits on loans in Charter Section 470(c)(8).
  - 3. The aggregate limits on campaign contributions in Charter Section 470(c)(6).
  - 4. The aggregate limits on campaign contributions from non-individuals in Charter Section 470(c)(7).
  - 5. The per-person limit on cash contributions in Charter Section 470(d).
  - 6. The aggregate limit on anonymous contributions in Charter Section 470(e).
  - 7. The limit on expressions of congratulations or condolences by officeholder committees in Section 49.7.19(D)(12).
  - 8. The aggregate limits on contributions and transfers to and expenditures by City Council officeholder committees in Sections 49.7.19(G)(1)-(3).
  - 9. The aggregate limits on contributions and transfers to and expenditures by Citywide officeholder committees in Sections 49.7.19(H)(1)-(3).
  - 10. The limits on the expenditure of personal funds in a campaign in Section 49.7.23(C)(4).
  - 11. The limits on expenditures by participating candidates in Section 49.7.24.
  - 12. The independent expenditure threshold that lifts the expenditure ceilings for participating candidates in Section 49.7.25.
- B. Pursuant to Charter Sections 240, 470(f), and 702(h), the following apply to CPI adjustments.
  - 1. The adjustments shall be automatically calculated and published by the Ethics Commission staff no later than March 1 of each year.
  - 2. Adjustments shall reflect the percent change in CPI for All Urban Consumers that is published by the United States Bureau of Labor Statistics for the region that includes the Los Angeles metropolitan area from December 2011 to the December immediately prior to the adjustment using the following formula: divide the CPI for the December immediately prior to the adjustment by 231.567 (the CPI for December 2011); multiply the resulting number by each value below; and round as specified in paragraph 3.
    - a. \$700 for the per-person limits on contributions and loans to City Council candidates.
    - b. \$1,300 for the per-person limits on contributions and loans to Citywide candidates.
    - c. (\$700 times the number of City Council offices on a ballot) plus

- (\\$1,300 times the number of Citywide offices on a ballot), but not less than two times the limit on contributions to City Council candidates, for a person's aggregate limit on contributions in a single election.
- d. The following aggregate limits on non-individual contributions:
  - i. \$202,300 to City Council candidates.
  - ii. \$539,400 to City Attorney and Controller candidates.
  - iii. \$1,213,800 to Mayoral candidates.
- e. \$25 for the per-person limit on cash contributions.
- f. \$200 for the aggregate limit on anonymous contributions.
- g. \$140 for the limit on expressions of congratulations or condolence by officeholder committees.
- h. \$93,000 for the aggregate limits on contributions and transfers to and expenditures by City Council officeholder committees.
- i. \$150,000 for the aggregate limits on contributions and transfers to and expenditures by Citywide officeholder committees.
- j. The following limits on the expenditure of personal funds by participating candidates:
  - i. \$31,100 for City Council candidates.
  - ii. \$124,500 for Citywide candidates.
- k. The following expenditure limits for participating candidates in primary elections:
  - i. \$480,000 for City Council candidates.
  - ii. \$1,119,000 for Controller candidates.
  - iii. \$1,259,000 for City Attorney candidates.
  - iv. \$2,798,000 for Mayoral candidates.
- l. The following expenditure limits for participating candidates in general elections:
  - i. \$400,000 for City Council candidates.
  - ii. \$840,000 for Controller candidates.
  - iii. \$979,000 for City Attorney candidates.
  - iv. \$2,237,000 for Mayoral candidates.
- m. The following independent expenditure thresholds that lift the expenditure limits for participating candidates:
  - i. \$77,000 in City Council races.
  - ii. \$155,000 in Controller and City Attorney races.
  - iii. \$309,000 in Mayoral races.

3. Adjustments shall be rounded as follows:
    - a. To the nearest \$10 for the values in Subsections B(2)(e) and B(2)(g).
    - b. To the nearest \$100 for the values in Subsections B(2)(a) through B(2)(d) and B(2)(f).
    - c. To the nearest \$1,000 for the values in Subsections B(2)(h) through B(2)(m).
  4. Adjustments that apply to limits and thresholds related to elections apply as of the next primary election for an elected City office for which no City fundraising window has opened. All other adjustments apply beginning July 1 of the same calendar year.
  5. Adjustments may not exceed an applicable limit or threshold in state law.
- B. A business entity and another person when the person participates in the business entity's decision to make a contribution, is personally prohibited from making the contribution, and holds an ownership interest of at least 20 percent in the business entity.
  - C. A sponsored committee, as defined in Government Code Section 82048.7, and its sponsoring organization.
  - D. A committee and another person when the person participates in the committee's decision to make a contribution, is personally prohibited from making the contribution, and provides (alone or in conjunction with other similarly prohibited persons) 20 percent or more of the committee's funding.
  - E. Two entities when the same individuals constitute a majority of each entity's board of directors.
  - F. Two entities that share the same officers or a majority of officers. For the purposes of this Subsection, an officer does not include an individual who serves only as a member of the entity's board of directors.
  - G. A corporation or limited liability company that shares the same majority shareholders or members as or holds a majority of the voting rights in another corporation or limited liability company.
  - H. Two corporations in a parent-subsidary relationship, provided that at least one of the corporations is not publicly traded.
  - I. An individual and a corporation, limited liability company, firm, joint venture, syndicate, business trust, company, or other business entity other than a sole

*History:*

*Added by Ord. 182264, effective 10/29/12.*

*Amended by Ord. No. 183236, effective 10/30/14.*

*Amended by Ord. No. 183414, effective 3/13/15.*

**SEC. 49.7.4. AGGREGATION OF CONTRIBUTIONS AND EXPENDITURES.**

For purposes of the limitations, prohibitions, and requirements contained in Charter Section 470 and this Article, contributions and expenditures from the following sets of persons will be aggregated and considered to be made by a single person. An aggregated contribution may not exceed the lowest contribution allowed for either person:

- A. Two persons when one controls the other's contribution activity.

proprietorship or a general or limited partnership, in which the individual owns an investment of 50 percent or more, or holds a majority of the voting rights.

J. An individual and a sole proprietorship owned by the individual.

K. A general partner and a general or limited partnership in which the general partner owns an investment of 50 percent or more, or holds a majority of the voting rights.

*History:*

*Amended by Ord. 172942, effective 1/21/00.*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.2).*

*Amended by Ord. No. 183236, effective 10/30/14.*

#### **SEC. 49.7.5. FAMILY CONTRIBUTIONS.**

A. Contributions by two spouses are separate contributions.

B. There is a rebuttable presumption that contributions by children under 18 years of age are contributions by their parents. Unless sufficiently rebutted, the contributions will be attributed proportionately to each custodial parent or entirely to a single custodial parent.

*History:*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.3).*

#### **SEC. 49.7.6. TEXT MESSAGE CONTRIBUTIONS.**

A. A contribution may be made via short message service (SMS), multimedia messaging service (MMS), or other similar text messaging technology.

B. The following apply to a contribution made via SMS, MMS, or text messaging:

1. The contribution shall be subject to the same disclosure and recordkeeping requirements and, for participating candidates, the same matching funds requirements that apply to contributions made by other means.

2. The contribution may not exceed the applicable limitation on cash contributions.

3. The contribution is treated as a pledge and is deemed received when a candidate for elected City office or the candidate's controlled committee obtains control of the contribution.

C. City equipment may not be used to make a contribution via SMS, MMS, or text messaging.

*History:*

*Added by Ord. 182264, effective 10/29/12.*

#### **SEC. 49.7.7. RECEIPT 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 the date the candidate or committee takes possession or control or receives the benefit of the contribution.

*History:*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.4).*

#### **SEC. 49.7.8. TREATMENT OF PAYMENTS.**

[Repealed.]

*History:*

*Amended by Ord. 172942, effective 1/21/00.*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.5).*

*Repealed by Ord. No. 183414, effective 3/13/15.*

### **SEC. 49.7.9. LOANS AND CREDIT.**

- A. A loan is a contribution from the maker and the guarantor of the loan and is subject to any applicable contribution limitations of Charter Section 470 and this Article.
- B. A loan to a candidate or a City controlled committee shall be by written agreement and shall be filed with the campaign statement on which the loan is first reported.
- C. 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 is not a contribution within the meaning of the contribution limitations of Charter Section 470 and this Article.
- D. Credit (other than a loan referred to in Subsection C) that is extended for a period of more than 90 days is subject to the contribution limitations of Charter Section 470 and this Article. A creditor who demonstrates a commercially reasonable attempt to collect the debt is not subject to the contribution limits for that debt.
- E. Following an election, candidates who are elected to the offices they sought during that election may not repay personal loans to themselves from their controlled committees for elected City office in excess of the limitations on personal funds in Section 49.7.23(C)[(5)].
- F. Elected City officers who were participating candidates may not repay personal loans to themselves from their

controlled committees for elected City office if they exceeded an applicable spending limit before the limit was lifted.

*History:*

*Amended by Ord. 172942, effective 1/21/00.*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.6).*

*Amended by Ord. 182362, effective 1/30/13.*

### **SEC. 49.7.10. FUNDRAISING WINDOWS.**

- A. In regular City elections, the following fundraising windows apply:
  - 1. A candidate for City Council and the candidate's controlled committee for election to City office may not solicit or receive a contribution from another person or cause a contribution from another person to be solicited or received more than 18 months before the date of the primary election at which the candidate seeks office.
  - 2. A candidate for Citywide office and the candidate's controlled committee for election to City office may not solicit or receive a contribution from another person or cause a contribution from another person to be solicited or received more than 24 months before the date of the primary election at which the candidate seeks office.
- B. In special City elections, a candidate for elected City office and the candidate's controlled committee for election to City office may not solicit or receive a contribution from another person or cause a contribution from another person to be solicited or received before the election has been ordered under Charter Section 409(b).

C. A candidate for elected City office and the candidate's controlled committee for election to City office may not solicit or receive a contribution from another person or cause a contribution from another person to be solicited or received more than 12 months after the date that the general election at which the candidate seeks City office either occurs or is scheduled to occur. Contributions solicited or received or caused to be solicited or received following an election shall be used only to retire the candidate's or committee's campaign debt for that election, except to the extent prohibited by Section 49.7.9, or to pay the candidate's or committee's compliance, fundraising, or inauguration expenses for that election.

*History:*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.7).*

*Amended by Ord. No. 183236, effective 10/30/14.*

*Amended by Ord. No. 183414, effective 3/13/15.*

**SEC. 49.7.11. SOLICITATION AND DELIVERY OF CAMPAIGN CONTRIBUTIONS.**

A. The following definitions apply to this Section.

1. "Personally deliver" means to deliver a contribution in person or to cause a contribution to be delivered in person by an agent or intermediary.
2. "Prohibited fundraising" means any of the following:
  - a. Requesting that another person make a contribution;
  - b. Inviting a person to a fundraising event;

- c. Supplying names to be used for invitations to a fundraising event;
- d. Permitting one's name or signature to appear on a solicitation for contributions or an invitation to a fundraising event;
- e. Permitting one's official title to be used on a solicitation for contributions or an invitation to a fundraising event;
- f. Providing the use of one's home or business for a fundraising event;
- g. Paying for at least 20 percent of the costs of a fundraising event;
- h. Hiring another person to conduct a fundraising event;
- i. Delivering a contribution, other than one's own, either by mail or in person to an elected City officer, a candidate for elected City office, or a City controlled committee; or
- j. Acting as an agent or intermediary in connection with the making of a contribution.

B. A person shall not do either of the following:

1. Solicit contributions from a City official or employee to support or oppose the candidacy of a person for elected City office, support or oppose the recall of an elected City officer, or to contribute to an officeholder committee or legal defense committee. This prohibition does not apply when a person makes a solicitation to multiple

persons if the person unknowingly includes City officials or employees and City officials or employees do not make up more than five percent of the total number of persons included in that solicitation.

2. Solicit, receive, personally deliver, or attempt to personally deliver a contribution in a room or building that is owned by the City or paid for or used by the City and occupied by a City official or agency employee in the discharge of City duties. This prohibition does not apply to the following:

a. A City room or building that is available to the public for organized campaign activities, as long as its use does not violate Section 49.5.5.

b. A contribution that is received by mail, if it is forwarded to the candidate, the candidate's campaign treasurer, or the candidate's controlled committee within seven working days of its receipt.

C. A member of a City board or commission who is required to file a statement of economic interests or a general manager or chief administrative officer of a City department shall not do either of the following:

1. Solicit, direct, or receive a contribution from a person who has or, in the preceding 12 months had, a matter involving City action pending before the board or commission member or general manager, or chief administrative officer.

2. Engage in prohibited fundraising on behalf of an elected City officer, a candidate for elected City office, or a City controlled committee. This prohibition does not apply to members of City boards or commissions or general managers, or chief administrative officers who are engaging in fundraising on behalf of their own candidacies for elected office.

*History:*

*Amended by Ord. 172890, effective 12/16/99.*

*Amended by Ord. 172942, effective 1/21/00.*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 175817, effective 4/1/04.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.8).*

*Amended by Ord. No. 183236, effective 10/30/14.*

#### **SEC. 49.7.12. TRAINING FOR CANDIDATES AND TREASURERS.**

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

*History:*

*Amended by Ord. 172890, effective 12/16/99.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.9).*

#### **SEC. 49.7.13. COMMITTEES TO OPPOSE RECALL PETITIONS.**

An elected City officer who is the subject of a recall petition may create a City ballot measure committee to oppose the recall petition. That committee is subject to the same contribution limitations and other requirements as the committee to support the recall petition.

*History:*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.10).*

**SEC. 49.7.14. CAMPAIGN STATEMENT FILING DEADLINES.**

Every candidate for elected City office, every candidate’s City controlled committee, and every City recall committee, City ballot measure committee, City general purpose committee, committee primarily formed to support or oppose City candidates or City ballot measures, and every person who makes independent expenditure communications in City elections and qualifies as a committee under the Political Reform Act shall file the campaign statements required by the Political Reform Act and shall also file campaign statements by the following dates prior to an election in which the candidate or measure appears on the ballot:

- A. The Friday before an election, covering activity through the Wednesday before the election, if the candidate or committee is required by the Political Reform Act to file a pre-election campaign statement.
- B. October 10, covering activity from July 1 through September 30 in years prior to a City primary election that is held in March of an odd-numbered year.
- C. January 10, covering activity from October 1 through December 31 in years prior to a City primary election that is held in March of an odd-numbered year.

*History:*  
Amended by Ord. 172890, effective 12/16/99.  
Amended by Ord. 175344, effective 8/16/03.  
Amended by Ord. 182264, effective 10/29/12.  
Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.11(A)).  
Amended by Ord. No. 183236, effective 10/30/14.

**SEC. 49.7.15. COMMITTEE INFORMATION.**

- A. In addition to the information required by state law, every person identified in Subsection C shall file with the Ethics Commission every non-government email address, Web site and social media account the person maintains to communicate regarding City elections.
- B. If any of the information in Subsection A changes, the person shall file amended information within ten calendar days after the change occurs.
- C. This section applies to every candidate for elected City office, every candidate’s City controlled committees, and every City recall committee, City ballot measure committee, City general purpose committee, committee primarily formed to support or oppose City candidates or City ballot measures, and every person who makes independent expenditure communications in City elections and qualifies as a committee under the Political Reform Act.

*History:*  
Added by Ord. 182264, effective 10/29/12.  
Amended by Ord. No. 183236, effective 10/30/14.

**SEC. 49.7.16. CONTRIBUTOR INFORMATION.**

- A. A contribution may not be deposited into the checking account of a City controlled committee unless the following is on file in the committee’s records:
  - 1. For individuals, the contributor’s name, address, occupation, and employer.
  - 2. For non-individuals, the contributor’s name and address.

B. All fundraising and contribution forms and the electronic equivalent shall allow contributors the option to certify the following information:

1. The contribution is not being made under a false name, is not being made under another person's name, and has not been and will not be reimbursed;
2. The contribution does not exceed the contributor's aggregate contribution limit in Charter Section 470(c)(6);
3. The contribution is not from a person who is prohibited from contributing, including the following:
  - a. A lobbyist or lobbying firm who is prohibited from contributing under Charter Section 470(c)(11); and
  - b. A bidder, sub-contractor, principal, or underwriting firm that is prohibited from contributing under Charter Section 470(c)(12) or Charter Section 609(e).

C. Obtaining the certification in Subsection B is evidence that the committee that received the contribution acted in good faith.

*History:*

*Amended by Ord. 172890, effective 12/16/99.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.11(B)).*

*Amended by Ord. 182362, effective 1/30/13.*

*Amended by Ord. No. 183236, effective 10/30/14.*

### **SEC. 49.7.17. FILING AND RECORDKEEPING REQUIREMENTS.**

A. A person required by the Charter or this Article to file a document or other item with the Ethics Commission shall do so

in a method prescribed by the Ethics Commission.

1. If an electronic filing is required, the Ethics Commission shall provide a unique identifier to the person who is required to file, to be used in place of a physical signature for submitting and verifying data under penalty of perjury. An electronic filing shall be presumed to be filed under penalty of perjury by the filer.
2. If a paper filing is required, it shall contain the physical signature of the person who is required to file. It is considered filed on the earlier of the date of receipt by the Ethics Commission or the date of the postmark if it is mailed and bears the correct address and postage.

B. A City campaign, officeholder, legal defense, recall, ballot measure, primarily formed, or general purpose committee shall file campaign statements electronically once the committee has received contributions or made expenditures of \$10,000 or more. This requirement continues until the committee is no longer required to file campaign statements with the Ethics Commission. A person who is not required to file electronically, may do so voluntarily.

C. A person required by the Charter or this Article to file a document or other item with the Ethics Commission, shall prepare and retain detailed records (including bills, receipts, and other documents) needed to comply with the filing requirement. The records shall be retained for at least four years following the filing deadline.

*History:*

*Amended by Ord. 174081, effective 8/11/01.*

*Amended by Ord. 182264, effective 10/29/12.*

*Amended by Ord. 182362, effective 1/30/13.*

*Amended by Ord. No. 183236, effective 10/30/14.*

### **SEC. 49.7.18. REPRODUCTION OF MATERIALS.**

A person who reproduces, broadcasts, or distributes in whole or substantial part any material that is drafted, printed, prepared, or previously broadcast or distributed by a candidate or a committee has made a non-monetary contribution to the candidate or committee. If the material that is reproduced is that of a candidate or a City controlled committee, the person who reproduced the material shall notify the candidate or City controlled committee of the reproduction. A candidate or committee whose material was reproduced is not liable for any violations resulting from the reproduction if it provides sufficient evidence to show that it had no prior knowledge of the reproduction.

*History:*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.25).*

*Amended by Ord. No. 183236, effective 10/30/14.*

### **SEC. 49.7.19. OFFICEHOLDER COMMITTEES.**

A. To effectively serve and fulfill their responsibilities to residents of the City, elected City officers communicate with constituents, undertake efforts to assure efficient City services, and engage in professional development activities. To accomplish these duties and responsibilities, an elected City officer may control one officeholder committee to pay for expenses that relate to carrying out the duties associated with holding elected City office.

- B. An individual may establish an officeholder committee once the City Clerk has certified election results indicating that the individual has been elected to City office.
- C. The committee shall establish one checking account at an office of a financial institution located in the City. All contributions received in connection with the officeholder committee shall be deposited into that account.
- D. An officeholder committee may not make or incur an expenditure unless it is related to assisting, serving, or communicating with constituents or otherwise made in connection with the official City duties of the elected City officer and it falls into one or more of the following categories:
  - 1. Fundraising for the officeholder committee.
  - 2. Office equipment, furnishings, supplies, and rent.
  - 3. Compensation of staff employed by the officeholder committee to provide services to the committee.
  - 4. Consulting, research, polling, photography, video or audio recording, and similar services.
  - 5. Events, including but not limited to meetings, meals, conferences, and receptions, that are attended in the performance of governmental duties by the elected City officer or a member of the elected City officer's staff. These expenditures may include the following:

- a. Fees for materials, registration, or admission.
  - b. Transportation to and from the event.
  - c. Food and beverages during the event.
  - d. Lodging, food and beverages, and other travel-related expenditures the day prior to, the day of, and the day following the event if the attendee cannot reasonably be housed at home. These expenditures also may be incurred and made for members of the elected City officer's immediate family and household.
  - e. Site fees, advertising brochures, invitations, materials and refreshments distributed to attendees, equipment, services, and other incidental expenses for events that are officially hosted or sponsored by the elected City officer.
6. Donations to an organization that has received a federal tax exemption under Internal Revenue Code Section 501(c)(3) when a majority of the expenditure can be deducted as a charitable deduction for federal income tax purposes. A donation may be the purchase of tickets to a charitable event, provided that no substantial part of the proceeds from the event will personally benefit the elected City officer, a member of the elected City officer's immediate family or household, a member of the elected City officer's staff, the officeholder committee, or the officeholder committee's treasurer.
  7. Membership of the elected City officer or a member of the elected City officer's staff to a civic or professional organization if the membership serves a governmental or legislative purpose.
  8. An educational course or seminar that maintains or improves skills employed by the elected City officer or a member of the elected City officer's staff in the performance of governmental duties.
  9. Advertisements and testimonials that do not support or oppose a ballot measure or the nomination, election, or recall of a candidate for elective office.
  10. Officeholder communications that provide information related to City-sponsored events, government services, the requirements of the law, or the elected City officer's position on a City matter.
  11. Admission to political events and related costs if both of the following apply:
    - a. No substantial part of the proceeds will personally benefit the elected City officer, a member of the elected City officer's immediate family or household, a member of the elected City officer's staff, the officeholder committee, or the officeholder committee's treasurer; and
    - b. The expenditure does not violate Subsection E(1).
  12. Expressions of congratulations, appreciation, or condolence for

constituents, employees, governmental officials, or other individuals with whom the elected City officer communicates in an official capacity. No more than \$140 may be expended per individual recipient per event. This amount is subject to adjustment under Section 49.7.3.

13. Celebrations held by the elected City officer to honor or thank members of the elected City officer's staff or in connection with a holiday that are attended primarily by the elected City officer's staff.
14. Tax liabilities incurred by the officeholder committee.
15. Accounting, legal, and administrative services provided to the officeholder committee.
16. Unforeseen obligations of the elected City officer's campaign committee that came to the attention of the elected City officer after the campaign committee was closed or redesignated.
17. An expenditure similar to the specified expenditures if, prior to making the expenditure, the elected City officer or the officeholder committee has received advice from the Ethics Commission that the expenditure is permissible pursuant to this Subsection. The Ethics Commission shall respond to requests for approval within five business days after a request is received, unless the request is made under Charter Section 705(b).

- E. Officeholder committees may not make or incur expenditures for the following:
  1. Expenditures to support or oppose a ballot measure or a candidate for elective office.
  2. Membership in an athletic, social, fraternal, veteran, or religious organization.
  3. Supplemental compensation for City employees for performing an act required or expected of the employee in the regular course of City duties.
  4. Expenditures that would violate Article 3 or 4 of Chapter 9.5 of Title 9 of the Government Code.
- F. A person may not make, and an elected City officer or officeholder committee may not solicit or accept or cause to be solicited or accepted, a contribution to the officeholder committee from another person that, during a fiscal year, causes cumulative contributions from that person to exceed the per-person City campaign contribution limit that applies to the elected City officer's elected City office under Section 49.7.3(B)(2)(a) or Section 49.7.3(B)(2)(b).
  1. If the per-person City campaign contribution limit increases under Section 49.7.3, the new limit applies to contributions to the officeholder committee during that fiscal year.
  2. This Subsection does not prohibit an elected City officer from obtaining a personal loan of any amount and duration from a licensed financial lending institution in the regular course of business on the same

terms available to members of the public.

G. The following limitations apply to City Council members and their officeholder committees.

1. A City Council member and a City Council member's officeholder committee may not solicit or accept or cause to be solicited or accepted a contribution from another person that would cause either of the following to exceed \$93,000 at any time during a fiscal year:
  - a. The amount of contributions from all persons to the officeholder committee; or
  - b. The total outstanding balance of the officeholder committee's funds.
2. Funds other than public matching funds that remain in another City campaign or officeholder committee controlled by a City Council member may be transferred into the City Council member's officeholder committee. The amount of funds transferred shall not exceed \$93,000 per fiscal year and shall reduce by an equal amount the contributions that may be solicited by or accepted for the officeholder committee during that fiscal year.
3. The officeholder committee may not make or incur expenditures that cumulatively exceed \$93,000 in a fiscal year.
4. Contributions solicited or received or caused to be solicited or received after the City Council member leaves

City Council office shall be used only to retire the officeholder committee's debt.

5. The amounts in Paragraphs 1, 2, and 3 are subject to adjustment under Section 49.7.3.

H. The following limitations apply to Citywide office holders and their officeholder committees.

1. A Citywide office holder and a Citywide office holder's officeholder committee may not solicit or accept or cause to be solicited or accepted a contribution from another person that would cause either of the following to exceed \$150,000 at any time during a fiscal year:
  - a. The amount of contributions from all persons to the officeholder committee; or
  - b. The total outstanding balance of the officeholder committee's funds.
2. Funds other than public matching funds that remain in another City campaign or officeholder committee controlled by a Citywide office holder may be transferred into the Citywide office holder's officeholder committee. The amount of funds transferred shall not exceed \$150,000 per fiscal year and shall reduce by an equal amount the contributions that may be solicited by or accepted for the officeholder committee during that fiscal year.
3. The officeholder committee may not make or incur expenditures that

cumulatively exceed \$150,000 in a fiscal year.

4. Contributions solicited or received or caused to be solicited or received after the Citywide office holder leaves Citywide office shall be used only to retire the officeholder committee's debt.
5. The amounts in Paragraphs 1, 2, and 3 are subject to adjustment under Section 49.7.3.

I. From the date the elected City officer files a Declaration of Intention to Become a Candidate with the City Clerk's office through the date of the last election for which the declaration was filed and the elected City officer appears on the ballot or is a qualified write-in candidate, the officeholder committee may make or incur only the following types of expenditures:

1. Expenditures under Paragraphs (1), (2), (3), (6), (7), (8), (12), (13), (14), (15), (16), and (17) of Subsection D.
2. Expenditures under Paragraph (5) of Subsection D if the event is attended primarily by the officeholder's staff in the conduct of official City business.
3. Expenditures under Paragraph (10) of Subsection D if both of the following apply:
  - a. The officeholder communication does not consist of more than 200 substantially similar pieces; and
  - b. The officeholder communication does not contain the elected City officer's name or photograph.

This does not apply if the elected City officer's name appears as part of an electronic mail or Internet address or only once on a letterhead or envelope.

*History:*

*Amended by Ord. 170152, effective 1/12/95.*

*Amended by Ord. 172480, effective 4/10/99.*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.12(A)).*

*Amended by Ord. No. 183414, effective 3/13/15.*

**SEC. 49.7.20. LEGAL DEFENSE COMMITTEES.**

- A. A current or former elected City officer or candidate for elected City office may control one or more legal defense committees.
1. A legal defense committee may be used solely to defray attorney's fees and other legal costs incurred in the legal defense of the current or former elected City officer or candidate for elected City office in a civil or criminal court case, an administrative proceeding, or an Ethics Commission matter arising directly out of the conduct of a City election campaign, the City's electoral process, or the performance of City duties.
  2. The current or former elected City officer or candidate for elected City office shall file with the Ethics Commission a Statement of Purpose identifying the specific case, proceeding, or matter for which the legal defense committee is established.
  3. The legal defense committee shall be named "The [name of the current or former elected City officer or

candidate for elected City office] Legal Defense Committee for [number of the case, proceeding, or matter or, if a number does not exist, a brief description of the case, proceeding, or matter]."

committee from obtaining a personal loan of any amount and duration from a licensed financial lending institution in the regular course of business on the same terms available to members of the public.

B. Contributions to legal defense committees are subject to the following:

1. A current or former elected City officer or candidate for elected City office may not solicit or accept a contribution or cause a contribution to be solicited or accepted before the committee is established and the Statement of Purpose has been filed.
2. The committee shall establish a separate checking account at an office of a financial institution located in the City. All contributions received by the legal defense committee shall be deposited into that account.
3. A person may not make and the committee or the person who controls the committee may not solicit or accept or cause to be solicited or accepted contributions from another person that, during a fiscal year, cumulatively exceed the per-person campaign contribution limit that applies to candidates for Citywide office under Section 49.7.3(B)(2)(b).
  - a. If the per-person contribution limit applicable to candidates for Citywide office increases under Section 49.7.3, the new limit applies to contributions to the committee during that fiscal year.
  - b. This paragraph does not prohibit the person who controls the

C. Expenditures by a legal defense committee are subject to the following:

1. An expenditure must be related to the case, proceeding, or matter identified in the Statement of Purpose.
2. All expenditures by the committee must be made from the committee's checking account.
3. Within 180 days after the final conclusion of the case, proceeding, or matter and the payment of all debts incurred in connection with that case, proceeding, or matter, funds remaining in the committee's checking account shall be disposed of by repayment of contributions to contributors, by transfer to another legal defense committee, or by payment to the City's General Fund.

D. This Section is the sole authority for soliciting or accepting contributions for the defense of a current or former elected City officer or candidate for elected City office in a case, proceeding, or matter arising out of a City election campaign, the City's electoral process, or the performance of City duties.

*History:*

*Amended by Ord. 170152, effective 1/12/95.*

*Amended by Ord. 172480, effective 4/10/99.*

*Amended by Ord. 172481, effective 4/10/99.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.12(B)).*

*Amended by Ord. No. 183414, effective 3/13/15.*

**SEC. 49.7.21. DISCLOSURE BY OFFICEHOLDER AND LEGAL DEFENSE COMMITTEES.**

In addition to the campaign statements required by the Political Reform Act and Section 49.7.14, an elected City officer or a candidate for elected City office who controls an officeholder or legal defense committee shall file campaign statements for that committee as follows:

- A. Except as specified in Subsection B, quarterly statements shall be filed no later than the following dates:
  - 1. April 30 for the quarter ending March 31;
  - 2. July 31 for the quarter ending June 30;
  - 3. October 31 for the quarter ending September 30; and
  - 4. January 31 for the quarter ending December 31.
- B. When the officeholder or candidate has filed a Declaration of Intent to Solicit and Receive Contributions, quarterly statements shall be filed no later than the following dates:
  - 1. During the year prior to the election:
    - a. April 30 for the quarter ending March 31;
    - b. July 31 for the quarter ending June 30;
    - c. October 10 for the quarter ending September 30; and
    - d. January 10 for the quarter ending December 31.

- 2. During the year of the election:
  - a. July 31 for the quarter ending June 30, including any activity not covered by the previous campaign statement;
  - b. October 31 for the quarter ending September 30; and
  - c. January 31 for the quarter ending December 31.
- C. Statements for officeholder committees shall identify the following information.
  - 1. For each individual for whom the committee pays or reimburses travel expenses totaling \$100 or more for a single event:
    - a. The name of the recipient;
    - b. The legislative or governmental purpose of the travel;
    - c. The dates of the recipient's departure and return;
    - d. The event attended;
    - e. The dates of the event;
    - f. The location of the event, including city and state or country;
    - g. The date and amount of each expenditure; and
    - h. The name and address of the payee for each expenditure.
  - 2. For each individual who receives food or beverage totaling \$50 or

more paid for or reimbursed by the committee at a single event:

- a. The name of the recipient;
  - b. The government business conducted;
  - c. The date and amount of each expenditure;
  - d. The name and address of the payee for each expenditure; and
  - e. The name and address of each source of the food and beverage, if different from the payees.
3. For each individual who receives an expression of congratulations, appreciation, or condolence of \$50 or more paid for or reimbursed by the committee:
- a. The name of the recipient;
  - b. The purpose of the expenditure;
  - c. The date and amount of the expenditure; and
  - d. The name and address of the payee for the expenditure.
4. For each event hosted or sponsored under Section 49.7.19(D)(5) and (13) for which the committee makes or incurs expenditures totaling \$100 or more:
- a. The purpose of the event;
  - b. The estimated number of event attendees;
  - c. The date of the event;

- d. The location of the event, including city and state or country;
- e. The date and amount of each expenditure of \$50 or more; and
- f. The name and address of the payee for each expenditure of \$50 or more.

D. Reporting is required until a committee is closed or redesignated.

1. An officeholder committee must be closed or redesignated within 180 days after the elected City officer leaves elected City office.
2. A legal defense committee must be closed within 180 days after the final conclusion of the case, proceeding, or matter identified in the Statement of Purpose and all debts incurred in connection with that case, proceeding, or matter have been paid.

*History:*

*Amended by Ord. 170152, effective 1/12/95.*

*Amended by Ord. 172480, effective 4/10/99.*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.12(E)).*

*Amended by Ord. No. 183414, effective 3/13/15.*

**SEC. 49.7.22. ACCEPTANCE OR REJECTION OF MATCHING FUNDS.**

- A. Each candidate for elected City office shall file with the Ethics Commission a statement of acceptance or rejection of matching funds. The statement may not be filed earlier than the date the candidate files a Declaration of Intent to Solicit and Receive Contributions under Charter Section 470(c)(1) and may not be filed later than the final date to file a Declaration of Intention to Become a

Candidate under City Election Code Section 301.

- B. A candidate who agrees to accept matching funds shall comply with the requirements of the program, including, but not limited to, the expenditure ceilings.
- C. A candidate who has filed a statement of acceptance of matching funds may subsequently reject matching funds up to five business days after the final filing date for the Declaration of Intention to Become a Candidate if another candidate in the same race has rejected matching funds. A candidate who subsequently rejects matching funds is a non-participating candidate, shall return to the City any matching funds payments received for that election, and may not receive any further matching funds payments for that election.

*History:*

*Amended by Ordinance No. 175344, effective 8/16/03.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.18).*

*Amended by Ord. No. 183236, effective 10/30/14.*

**SEC. 49.7.23. PARTICIPATION AND QUALIFICATION REQUIREMENTS.**

- A. Agreeing to participate in the matching funds program is binding on the candidate for both the primary election and the general election.
- B. A participating candidate who qualifies to receive matching funds in the primary election automatically qualifies to receive matching funds in the general election. A participating candidate who does not qualify to receive matching funds in the primary election, may qualify to receive matching funds through the candidate's controlled committee for the general election.

C. Qualification means that a participating candidate has met all of the following requirements:

- 1. The candidate and the candidate's controlled committee received qualified contributions that meet the following criteria:
  - a. The contributions meet or exceed the following aggregate amounts:
    - i. \$25,000 for City Council candidates;
    - ii. \$75,000 for City Attorney and Controller candidates;
    - iii. \$150,000 for Mayoral candidates.

The first \$500 of each contribution counts toward the threshold for Citywide candidates, and the first \$250 of each contribution counts toward the threshold for City Council candidates. Loans, pledges, and non-monetary contributions do not count toward the thresholds.

- b. The contributions are not from the candidate or the candidate's immediate family.
- 2. The candidate receives qualified contributions of at least five dollars each from 200 individuals residing within the City or, for City Council candidates, within the council district for which election is sought.
- 3. The candidate is certified to appear on the ballot for the election and is not a write-in candidate.

4. The candidate is opposed by a candidate running for the same office who has qualified to appear on the ballot for that election and is not a write-in candidate.
5. The candidate does not contribute or lend more than the following aggregate amounts in personal funds per election:
  - a. \$31,100 for City Council candidates.
  - b. \$124,500 for Citywide candidates.

These amounts are subject to adjustment under Section 49.7.3.

6. The candidate agrees in writing to participate in at least one debate with opponents in the primary election and in at least two debates with the opponent in the general election.
7. The candidate agrees in writing not to exceed the applicable expenditure ceilings.
8. The candidate or the candidate's controlled committee has filed all previously due campaign statements required by the Political Reform Act, the Charter, this Code, or the Administrative Code.
9. The candidate and the candidate's treasurer have attended the training required under Section 49.7.12.
10. The candidate does not use matching funds in violation of federal, state or City law.

11. The candidate does not use matching funds to pay fines, penalties, or inauguration expenses.

- D. A participating candidate who does not abide by the terms of the Matching Funds Program is disqualified from receiving matching funds for the remainder of the election cycle and may be required to return all matching funds received for that election cycle.

*History:*  
 Added by Ord. 171498, effective 3/8/97.  
 Amended by Ord. 175344, effective 8/16/03.  
 Amended by Ord. 182264, effective 10/29/12.  
 Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.19).  
 Amended by Ord. No. 183236, effective 10/30/14.

**SEC. 49.7.24. EXPENDITURE CEILINGS.**

- A. Participating candidates and their controlled committees for election to City office may not make or incur campaign expenditures above the following amounts:
  1. City Council candidates: \$480,000 per primary election and \$400,000 per general election.
  2. Controller candidates: \$1,119,000 per primary election and \$840,000 per general election.
  3. City Attorney candidates: \$1,259,000 per primary election and \$979,000 per general election.
  4. Mayoral candidates: \$2,798,000 per primary election and \$2,237,000 per general election.
- B. The expenditure ceilings are subject to adjustment under Section 49.7.3.
- C. The following payments do not count toward the expenditure ceilings when

made by the participating candidate in connection with candidacy for the office specified in the participating candidate's Declaration of Intent to Solicit and Receive Contributions:

1. Fees paid under Election Code Section 310(c) or California Government Code Section 84101.5.
2. Refunded campaign contributions.
3. Returned matching funds.

*History:*

*Amended by Ord. 171498, effective 3/8/97.  
Amended by Ord. 175344, effective 8/16/03.  
Amended by Ord. 182264, effective 10/29/12.  
Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.13).  
Amended by Ord. 182362, effective 1/30/13.  
Amended by Ord. No. 183236, effective 10/30/14.*

#### **SEC. 49.7.25. EXPENDITURE CEILINGS LIFTED.**

The applicable expenditure ceiling is no longer binding on a participating candidate in either of the following scenarios:

- A. A non-participating candidate in the same race makes or incurs campaign expenditures in excess of the expenditure ceiling; or
- B. Independent expenditure communications under Section 49.7.31(A)(1) in support of or opposition to any candidate in the same race exceed, in the aggregate, the following amounts:
  1. \$77,000 in a City Council election;
  2. \$155,000 in a City Attorney or Controller election;
  3. \$309,000 in a Mayoral election.

These amounts are subject to adjustment under Section 49.7.3.

*History:*

*Amended by Ord. 168540, effective 3/5/93.  
Amended by Ord. 182264, effective 10/29/12.  
Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.14).  
Amended by Ord. 182362, effective 1/30/13.  
Amended by Ord. No. 183236, effective 10/30/14.*

#### **SEC. 49.7.26. NOTICE REGARDING EXPENDITURE CEILINGS.**

A candidate shall notify the Ethics Commission in writing within one calendar day of the date the candidate has received more than 100 percent of the applicable expenditure ceiling and again on the day the candidate makes or incurs expenditures totaling more than 100 percent of the applicable expenditure ceiling. The Ethics Commission shall notify all other candidates for the same office within one business day of receiving the candidate's notice.

*History:*

*Amended by Ord. 168540, effective 3/5/93.  
Amended by Ord. 173874, effective 5/18/01.  
Amended by Ord. 175344, effective 8/16/03.  
Amended by Ord. 182264, effective 10/29/12.  
Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.15).  
Amended by Ord. 182362, effective 1/30/13.  
Amended by Ord. No. 183236, effective 10/30/14.*

#### **SEC. 49.7.27. MATCHING FUNDS FORMULA.**

- A. A qualified contribution will be matched with public funds up to the following amounts:
  1. \$250 per qualified contribution for City Council candidates;
  2. \$500 per qualified contribution for Citywide candidates.
- B. A qualified contribution will be matched with public funds at the following rates:

1. For participating candidates who have qualified to receive matching funds but have not met the criteria in Subsection C, one dollar in matching funds will be paid for each dollar in qualified contributions in both the primary election and the general election.
  2. For participating candidates who have qualified to receive matching funds and have met the criteria in Subsection C, two dollars in matching funds will be paid for each dollar in qualified contributions for the primary election and four dollars in matching funds will be paid for each dollar in qualified contributions for the general election.
  3. In a general election, each participating candidate will receive a grant of one-fifth of the amount specified in Section 49.7.29(B) upon the later of being certified to appear on the general election ballot or qualifying to receive matching funds. The remaining four-fifths will be paid at the rate that applies under either paragraph 1 or paragraph 2.
- C. Participating candidates who have qualified to receive matching funds are eligible for the rate of match in Subsection B(2) if they submit to the City Clerk either of the following by the last date to submit nominating petitions for the primary election:
1. For candidates choosing not to pay a filing fee pursuant to Section 310 of the City Elections Code, a nominating petition that includes the signatures of at least 1,000 qualified registered voters; or
  2. For candidates choosing to pay a filing fee pursuant to Section 310 of the City Elections Code, a nominating petition that includes the signatures of at least 500 qualified registered voters and a Matching Funds Additional Signatures Form, prescribed by the Ethics Commission, that includes the signatures of at least 500 and no more than 1,000 additional qualified registered voters of the City for Citywide candidates, or of the district for Council candidates.
    - a. The City Clerk shall review and verify the signatures on the Matching Funds Additional Signatures Form using the same process that is used for reviewing and verifying the signatures on nominating petitions, and the City Clerk's process for nominating petitions shall not be altered by this requirement. The City Clerk shall only review the signatures on a candidate's Matching Funds Additional Signatures Form after the City Clerk has determined that the candidate has qualified for the ballot.
    - b. Extra signatures that are submitted on a nominating petition but are not required for qualification for the ballot shall not be counted for purposes of determining a candidate's qualification for the rate of match in Subsection B(2).
    - c. The signatures on the Matching Funds Additional Signatures Form that are used to qualify for the rate of match in Subsection B(2) must be distinct from the

signatures on the nominating petition that are used to qualify for the ballot, so that the candidate obtains signatures from at least 1,000 qualified registered voters of the City for Citywide candidates, or of the district for Council candidates.

- d. The City Clerk's review of the Matching Funds Additional Signatures Form shall be completed by the last day of the City Clerk's review period for nominating petitions.

Within one business day after the close of the review period for nominating petitions, the City Clerk shall notify the Ethics Commission of all candidates who have been verified as having submitted the signatures of at least 1,000 qualified registered voters.

*History:*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.20).*

*Amended by Ord. 182362, effective 1/30/13.*

*Amended by Ord. No. 183236, effective 10/30/14.*

**SEC. 49.7.28. REQUESTS FOR MATCHING FUNDS PAYMENTS.**

- A. A participating candidate may not request a single matching funds payment that represents less than \$10,000 in matchable portions of qualified contributions, as determined by the formula in Section 49.7.27(A), except in the following circumstances:

- 1. Beginning 14 days before an election and ending on the last day to submit requests for payment, as identified in Administrative Code Section

24.34(c)(3), a participating candidate may request a single matching funds payment that represents \$1,000 or more in matchable portions of qualified contributions.

- 2. A participating candidate may request a matching funds payment that represents any amount in matchable portions of qualified contributions if the payment requested would result in the participating candidate receiving the maximum matching funds for that election.

- B. If a contribution that forms the basis of a request for a matching funds payment cannot be negotiated or is returned or refunded, the candidate must either return all matching funds received as a result of that contribution or submit an alternate qualified contribution.

- C. Requests for matching funds payments shall contain the information required by the Ethics Commission.

- D. A candidate who makes a request for matching funds payment and knows or should know that the request is false or that a contribution that forms the basis of the request is misrepresented is guilty of a misdemeanor and shall return all matching funds received as a result of the request. If the candidate holds or is elected to office, the false request constitutes a violation of official duties and, if it is deemed appropriate by a court under Charter Section 207(c), shall be removed from office.

*History:*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.21).*

*Amended by Ord. No. 183236, effective 10/30/14.*

**SEC. 49.7.29. MAXIMUM MATCHING FUNDS.**

- A. The following maximum amounts may be paid to qualified participating candidates in a primary election:
  - 1. \$100,000 for City Council candidates;
  - 2. \$267,000 for Controller candidates;
  - 3. \$300,000 for City Attorney candidates; and
  - 4. \$667,000 for Mayoral candidates.
- B. The following maximum amounts may be paid to qualified participating candidates in a general election:
  - 1. \$125,000 for City Council candidates;
  - 2. \$300,000 for Controller candidates;
  - 3. \$350,000 for City Attorney candidates; and
  - 4. \$800,000 for Mayoral candidates.

*History:*  
*Amended by Ord. 175344, effective 8/16/03.*  
*Amended by Ord. 182264, effective 10/29/12.*  
*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.22).*

**SEC. 49.7.30. MATCHING FUNDS PAYMENTS TO CANDIDATES.**

- A. The Ethics Commission shall process each request for matching funds payment within four business days after the later of receiving all information necessary to process the request or determining that the participating candidate has met all qualification requirements.

- B. The Controller shall make matching funds payments in the amount certified by the Ethics Commission within two business days after receiving the certification from the Ethics Commission.
- C. Except for the general election grant, a matching funds payment may not be made before the Ethics Commission determines the sufficiency of the Public Matching Funds Trust Fund under Administrative Code Section 24.33. If the Ethics Commission determines that the balance of the Public Matching Funds Trust Fund is not or may not be sufficient to pay the maximum matching funds to all qualified participating candidates, the Commission shall notify the Controller to withhold amounts sufficient to ensure that each qualified participating candidate will receive a pro rata share of the applicable maximum. The amounts withheld will be paid if the Ethics Commission subsequently determines that there is sufficient money to pay the maximum matching funds.

*History:*  
*Amended by Ord. 175344, effective 8/16/03.*  
*Amended by Ord. 182264, effective 10/29/12.*  
*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.23).*  
*Amended by Ord. No. 183236, effective 10/30/14.*

**SEC. 49.7.31. DISCLOSURE OF INDEPENDENT EXPENDITURE COMMUNICATIONS.**

- A. A person shall notify the Ethics Commission of an independent expenditure communication when either of the following occurs:
  - 1. The person makes or incurs expenditures with an actual or fair market value of \$1,000 or more for one or more communications; or

2. The person makes or incurs expenditures with an actual or fair market value of \$100 or more for one or more communications and distributes the communications to the following number of persons:
  - a. 200 or more persons, if the distributor is a person who qualifies as a committee under the Political Reform Act.
  - b. 1,000 or more persons, if the distributor is not a person who qualifies as a committee under the Political Reform Act.

Once a notification threshold is met, every subsequent \$100 in expenditures made or incurred regarding that measure or candidate shall also be disclosed as required by Subsections B and C.

- B. The notification shall be submitted to the Ethics Commission within the following time frames:
  1. From the first date an individual may file a Declaration of Intention to Become a Candidate with the City Clerk through the date of the associated general election, or during the 90 days prior to an election if no City candidates will be on the ballot, within 24 hours after making or incurring the expenditures.
  2. At all other times, within five business days after making or incurring the expenditures provided, however, in no event later than the first date an individual may file a Declaration of Intention to Become a Candidate.

- C. The notification shall include the following:
  1. A declaration under penalty of perjury signed by the person and, if applicable, the committee treasurer, specifying the following:
    - a. Each candidate or measure supported or opposed by the communication;
    - b. The dates and amounts of the expenditure and the amount spent to support or oppose each candidate or measure;
    - c. For disclosure under Subsection A(2), the number of distributions;
    - d. Whether each candidate or measure was supported or opposed;
    - e. That the communication was not behested by any of the candidates who benefited from it;
    - f. The dates the communication was distributed or displayed, if applicable;
    - g. A description of the type of communication;
    - h. The name and address of the person making or incurring the expenditures or causing the communication to be distributed or displayed;
    - i. The name and address of the payee, if applicable, and any vendor or subvendor that provided service for the communication;

- j. For committees, contributions of \$100 or more received by the committee since the later of the day after the close of the filing period for the last campaign or independent expenditure statement filed by the committee or the first day of the current calendar year. This disclosure requirement does not apply to contributions that are earmarked for a non-City candidate or ballot measure; and
- k. Contributions of \$100 or more that the person made in the current calendar year to City candidates, City controlled committees, City ballot measure committees, City recall committees, committees primarily formed to support or oppose City candidates or measures, and City general purpose recipient committees.

2. A copy of the communication.

- a. If the communication is a telephone call or similar communication, a copy of the script and, if the communication is recorded, the recording shall be provided.
- b. If the communication is audio or video, a copy of the script and an audio or video file shall be provided.

D. If an independent expenditure communication supports or opposes a City candidate, the Ethics Commission staff will notify all candidates in the affected race within one business day after receiving the required notice. The

notification will indicate the candidates supported or opposed by the independent expenditure communication, as indicated on the signed declaration, and will include a copy of the independent expenditure communication that has been filed with the Ethics Commission.

- E. The Ethics Commission shall post on its website, without alteration, all copies of independent expenditure communications filed with the Ethics Commission. The Ethics Commission may not judge, comment upon, or edit the contents of an independent expenditure communication.
- F. This Section shall not apply to a news story, commentary, or editorial by a newspaper, radio station, television station, or other recognized news medium, unless the disclaimer is required for a payment or promise of a payment under Section 49.7.34.

*History:*

*Amended by Ord. 172890, effective 12/16/99.  
 Amended by Ord. 175344, effective 8/16/03.  
 Amended by Ord. 178064, effective 1/15/07.  
 Amended by Ord. 178587, effective 5/20/07.  
 Amended by Ord. 182264, effective 10/29/12.  
 Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.26).  
 Amended by Ord. 182362, effective 1/30/13.  
 Amended by Ord. No. 183236, effective 10/30/14.*

**SEC. 49.7.32. DISCLOSURE OF CAMPAIGN, OFFICEHOLDER, AND LEGAL DEFENSE COMMUNICATIONS.**

- A. A person who makes or distributes a campaign, officeholder, or legal defense communication to 200 or more persons shall file a copy of the communication with the Ethics Commission.
- B. The copy shall be filed within the following time frames:

1. From the first date an individual may file a Declaration of Intention to Become a Candidate with the City Clerk through the date of the associated general election, or during the 90 days prior to an election if no City candidate will be on the ballot, within 24 hours after making or incurring the expenditures.

2. At all other times, within five business days after first distributing the communication.

C. If the campaign, officeholder, or legal defense communication is a telephone call or similar audio communication, a copy of the script and, if the communication is recorded, the recording shall be provided.

D. If the campaign, officeholder, or legal defense communication is audio or video, a copy of the script and an audio or video file shall be provided.

E. All copies of campaign, officeholder, and legal defense communications that are filed with the Ethics Commission shall be posted on the Ethics Commission's website without alteration. The Ethics Commission may not judge, comment upon, or edit the contents of a communication.

F. This Section shall not apply to the following:

1. A news story, commentary, or editorial by a newspaper, radio station, television station, or other recognized news medium, unless the disclaimer is required for a payment or promise of a payment under Section 49.7.34; or

2. Officeholder communications paid for by and distributed by a person other than a City agency or official to advertise a City sponsored community or similar event.

*History:*

*Amended by Ord. 172890, effective 12/16/99.*

*Amended by Ord. 175344, effective 8/16/03.*

*Amended by Ord. 178587, effective 5/20/07.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.26(E)).*

*Amended by Ord. 182362, effective 1/30/13.*

*Amended by Ord. No. 183236, effective 10/30/14.*

*Amended by Ord. No. 183414, effective 3/13/15.*

**SEC. 49.7.33. DISCLAIMERS ON POLITICAL COMMUNICATIONS.**

A. A person shall incorporate the following statements in a campaign, officeholder, or legal defense communication:

1. "Paid for by" immediately followed by the name, address, and city of that candidate or committee. The address and city are not required in an audio communication.

a. If the communication is made by a controlled committee, the name of the person controlling the committee shall also be included.

b. If an acronym is used to specify a committee name, the full name of any sponsoring organization of the committee shall also be included.

2. "Additional information is available at ethics.lacity.org." A substantially similar statement that specifies the web site may be used as an alternative in audio communications.

B. A committee making an independent expenditure communication under Section 49.7.31(A)(1) or 49.7.31(A)(2)

shall incorporate the following statements:

1. "Paid for by" immediately followed by the committee's name, address, and city. If an acronym is used to specify a committee name, the full name of the sponsoring committee shall also be included. The address and city are not required in an audio communication.
2. "Not authorized by or coordinated with a City candidate or a committee controlled by a candidate." This statement is not required if the independent expenditure communication supports or opposes only a City ballot measure.
3. "Major funding provided by [names of the two contributors who gave the most to the committee in the six months prior to the date of the payment for the independent expenditure communication], in the amount of [the total amount of contributions made by those contributors in the same six-month period]."
  - a. The amount of the contributions is not required in an audio communication.
  - b. If the committee had only one contributor of at least \$1,000 in the six months prior to the date of the payment for the independent expenditure communication, the statement may refer only to that contributor.
  - c. This statement is not required if the committee did not have any contributors of at least \$1,000 in

the six months prior to the date of the payment for the independent expenditure communication.

4. "Additional information is available at ethics.lacity.org." A substantially similar statement that specifies the Web site may be used as an alternative in audio communications.
- C. A person making an independent expenditure communication under Section 49.7.31(A)(2)(b) shall incorporate the following statements:
1. "Distributed by" immediately followed by the person's name, address, and city. The address and city are not required in an audio communication.
  2. "Not authorized by or coordinated with a City candidate or committee controlled by a candidate." This statement is not required if the independent expenditure communication supports or opposes only a City ballot measure.
  3. "Additional information is available at ethics.lacity.org." A substantially similar statement that specifies the Web site may be used as an alternative in audio communications.
- D. All disclaimers shall be presented in a clear and conspicuous manner to give the reader, observer, or listener adequate notice. Minimum requirements are specified below:
1. For written communications up to 24 inches by 36 inches, disclaimers shall be printed using a bold, sans serif typeface that is easily legible to an average reader and is not less than 14-point type in a color that

contrasts with the background on which it appears.

2. For written communications larger than 24 inches by 36 inches, the total height of the disclaimer shall constitute at least five percent of the total height of the communication, be printed using a bold, sans serif typeface that is easily legible to an average reader, and be printed in a color that contrasts with the background on which it appears.
3. For video communications, the disclaimer shall be written in a bold, sans serif typeface that is easily legible to an average reader, in a color that contrasts with the background on which it appears, and shall appear for at least four seconds at either the beginning or the end of the communication. A spoken disclaimer is also required if the written disclaimer does not appear for at least five seconds of a communication that is 30 seconds or less or for at least ten seconds of a communication that is longer than 30 seconds. A spoken disclaimer shall be clearly audible and spoken at the same speed and volume as the rest of the communication.
4. For audio communications, disclaimers shall be spoken in a clearly audible manner at either the beginning or end of the communication. The disclaimers shall be spoken at the same speed and volume as the rest of the communication and shall last at least five seconds.

- E. Disclaimers are required for all political communications that shall be disclosed under Section 49.7.31 or 49.7.32.
  1. This does not apply to slate mailers, wearing apparel, small promotional items, such as pens, pencils, mugs, potholders, and other items on which a disclaimer cannot be reasonably displayed in an easily legible typeface.
  2. When the size limitations of an electronic communication render it impractical to include the full disclaimer, the disclaimer must state, at a minimum, "Paid for by" immediately followed by the committee identification number provided by the California Fair Political Practices Commission or, if the person is not a committee, the person's name. In addition, when a user interacts with the communication, the interaction must provide the user with the full disclaimer in a format that is easily legible and identifiable, such as through a rollover or pop-up or the landing page of a linked Web site or application.
- F. A person shall amend political communications within five business days after any information in the disclaimer changes. A committee shall be deemed to have complied with this requirement if, within five business days, the amended communication is sent to all affected recipients with a request that the previous communication immediately be replaced. For written communications, disclaimers shall be amended to reflect accurate disclosure information every time the communication is reproduced.

*History:*

Amended by Ord. 175344, effective 8/16/03.  
Amended by Ord. 178064, effective 1/15/07.  
Amended by Ord. 182264, effective 10/29/12.  
Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.15).  
Amended by Ord. 182362, effective 1/30/13.  
Amended by Ord. No. 183236, effective 10/30/14.  
Amended by Ord. No. 183414, effective 3/13/15.  
Amended by Ord. No. 185153, effective 10/15/17.

### **SEC. 49.7.34. SOCIAL MEDIA ACCOUNTS.**

A. If a candidate for elected City office, a City controlled committee, a City recall committee, a City ballot measure committee, a City general purpose committee, a committee primarily formed to support or oppose City candidates or ballot measures, or a person who makes independent expenditure communications in City elections and qualifies as a committee under the Political Reform Act that elects to use social media accounts to communicate regarding a City election, the candidate or committee shall include the following statement on each account's home page: "This account is being used for campaign purposes by [name of candidate or committee]."

1. The statement shall be prominent, in a typeface that is easily legible to an average reader and in a color that contrasts with the background on which it appears.
2. The statement shall be displayed from the time the candidate or committee first begins to use the account for campaign purposes until the election for which it is used is over.

B. An elected City officer may not use a social media account or Web site for campaign purposes if the account or site is paid for, sponsored by, or hosted by the City. If an elected City officer

communicates about campaign activity or City business using a social media account or Web site that is not City sponsored, the home page for the account or site shall include the following statement: "This [account or site] is not paid for, sponsored by, or hosted by the City." This statement shall be prominent, in a typeface that is easily legible to an average reader and in a color that contrasts with the background on which it appears.

*History:*  
Added by Ordinance No. 182264, effective 10/29/12.  
Amended by Ord. No. 183236, effective 10/30/14.

### **SEC. 49.7.35. BIDDER CONTRIBUTION AND FUNDRAISING RESTRICTIONS.**

A. **Definitions.** The following definitions apply for purposes of Charter Section 470(c)(12):

1. **"Approval by an elected City office"** means approval of a contract or selection of a pre-qualified list of persons to contract with the City in any of the following circumstances:
  - a. The elected City officer or the elected City officer's office is the awarding authority;
  - b. The contract involves services provided directly to or under the supervision of the elected City officer; or
  - c. The contract requires approval of the elected City officer or the elected City officer's office pursuant to City law, executive directive, or City Council action.

The term does not include approval by an elected City officer that is

required pursuant to Charter Section 262, 271(d), or 370 for non-proprietary departments, provided that City Council approval is not otherwise required and the elected City offices identified in those Sections are neither the awarding authority nor supervising the services under the contract. The term does include approval by an elected City officer that is required pursuant to Charter Section 262, 271(d), or 370 for contracts with the Harbor, Water and Power, and Airport Departments.

2. **“Awarding Authority”** means the City Council, a City board, commission, authorized employee, or authorized officer, including those who have control of their own special funds but excluding the City Purchasing Agent when acting pursuant to Section 9.1 of the Los Angeles Administrative Code, who makes or enters into a contract for the provision of goods or services of any kind or nature whatsoever to, for, or on behalf of the City. References to the awarding authority shall include references to staff when working on a matter subject to this Section.
3. **“Bidder”** means a person who bids on or submits a proposal or other response to a City contract solicitation.
4. **“Contract”** means any agreement, franchise, lease, non-regulatory permit, land use license or easement, or concession, including any agreement for occasional professional or technical personal services, for the performance of any

work or service or construction, the provision of any materials, goods, equipment, or supplies, the sale or purchase of property, the making of grants, or the rendering of any service to the City, including any proprietary department, or to the public where all of the following apply:

- a. The contract is let, awarded, or entered into, with, or on behalf of the City or an awarding authority;
- b. The contract has an anticipated value of at least \$100,000, including exercising all anticipated options; and
- c. The contract requires approval by an elected City office.

The term includes any subsequent amendment that, by itself or in combination with the original contract and any other amendments, has an anticipated value of at least \$100,000 and requires approval by an elected City office. The term also includes the selection of a pre-qualified list of persons to contract with the City where the request for qualifications includes a not-to-exceed amount of at least \$100,000 and the list selection requires approval by an elected City office. The term does not include any contract with another government agency or a contract with an underwriting firm pursuant to Charter Section 609(e) for proprietary noncompetitive sales of revenue bonds.

5. **“Contract solicitation”** means a request for proposals, request for

bids, request for qualifications, or any other request, whether written or verbal, for purposes of entering into a contract. The term does not include a request to enter into a contract that is based on a prior City contract that previously went through a competitive contracting process if the prior contract was subject to the restrictions and the contractor fulfilled its obligations under this Section and Charter Section 470(c)(12).

6. **“Principal”** means the following with regard to persons who are bidders and sub-contractors:

- a. The person’s board chair, president, chief executive officer, chief operating officer, and an individual who serves in the functional equivalent of one or more of those positions;
- b. An individual who holds an ownership interest in the person of 20 percent or more; and
- c. An individual employee of the bidder or sub-contractor authorized by the bid or proposal to represent the person before the City.

7. **“Prohibited fundraising”** means the following activities:

- a. Asking the bidder, sub-contractor, or an employee, officer, or principal of the bidder or sub-contractor to make a contribution;
- b. Inviting the bidder, sub-contractor, or an employee, officer or principal of the bidder or

sub-contractor to a fundraising event;

- c. Supplying the name of the bidder, sub-contractor, or an employee, officer or principal of the bidder or sub-contractor to be used for an invitation to a fundraising event;
- d. Permitting one’s name to appear on a solicitation for contributions or an invitation to a fundraising event sent to the bidder, sub-contractor, or an employee, officer, or principal of the bidder or sub-contractor;
- e. Providing the use of one’s home or business to hold a fundraising event if the bidder, sub-contractor or an employee, officer, or principal of the bidder or sub-contractor attends the event;
- f. Paying for at least 20 percent of the costs of a fundraising event if the bidder, sub-contractor, or an employee, officer, or principal of the bidder or sub-contractor attends the event;
- g. Hiring another person to conduct a fundraising event if the bidder, a sub-contractor, or an employee, officer, or principal of the bidder or sub-contractor attends the event;
- h. Delivering a contribution, either in person or by mail, of the bidder, a sub-contractor, or an employee, officer, or principal of the bidder or sub-contractor to the elected City officer, candidate for elected City office, or an agent of the officer or candidate; or

- i. Acting as an agent or intermediary in connection with the making of a contribution of the bidder, a sub-contractor, or an employee, officer, or principal of the bidder or sub-contractor to an elected City officer, a candidate for elected City office, or a City controlled committee.

8. “**Sub-contractor**” means a person who is expected to receive at least \$100,000 as a result of performing some or all of a bidder’s contract obligations and includes a subtenant where the subtenant is expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of the contractor and is required to pay the contractor at least \$100,000.

B. For purposes of Charter Section 470(c)(12), the following apply:

1. **Timing of Fundraising and Contribution Restrictions.** In addition to the restrictions provided in Charter Section 470(c)(12), except as otherwise provided in Subsection B(5), bidders, sub-contractors, and principals may not make contributions to or engage in prohibited fundraising for elected City officers, candidates for elected City office, or City controlled committees from the date a bid is submitted until one of the following dates:

- a. For unsuccessful bidders, the date the contract is signed or the solicitation is withdrawn or canceled.

- b. For successful bidders, 12 months after the contract is signed.

2. **Contract Solicitations and Notifications.** Each awarding authority shall include in each contract solicitation the form identified in Subsection B(3) and a description of the prohibitions and requirements of Charter Section 470(c)(12).

- a. The awarding authority shall determine whether the form is complete for responsiveness purposes.
- b. The awarding authority shall submit the form to the Ethics Commission within ten business days of the bid due date. The awarding authority must also comply with the reporting requirements in Section 49.5.11(B).
- c. The awarding authority shall either notify bidders who are not awarded a contract of the date that the contract was signed or the contract solicitation was terminated or withdrawn or notify the bidders how they may obtain or request the date that the contract was signed or the contract solicitation was terminated or withdrawn, unless that information is available on a City website.

3. **Disclosure Form.** As provided in Subsection B(2), every bidder shall file a form with the awarding authority, at the time the bid or other response is submitted, that contains

the following information and is submitted under oath:

- a. A description of the contract, including any City reference number associated with it, or if selection is of a pre-qualified list, a short description of the services to be provided, including any City reference number associated with it;
  - b. The name of the awarding authority;
  - c. The date the bid or other response was submitted to the awarding authority;
  - d. The name of the bidder;
  - e. The address of the bidder;
  - f. The phone number of the bidder;
  - g. The names and titles of the bidder's principals;
  - h. The names of the bidder's sub-contractors;
  - i. The names and titles of each sub-contractor's principals; and
  - j. A certification that the bidder understands, will comply with, and will notify its principals and sub-contractors of the prohibitions and restrictions in this Section and Charter Section 470(c)(12).
- 4. Requirement to Amend Form.** If the information submitted pursuant to Subsection B(3) changes after the bid is submitted, the bidder shall

amend the form and submit it to the awarding authority within ten business days of the change.

- a. The requirement to amend the form applies whenever the prohibitions and restrictions in Charter Section 470(c)(12) apply to the bidder, including after the contract approval for successful bidders.
  - b. The awarding authority shall electronically submit the form to the Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Ethics Commission, within ten business days of receipt.
- 5. Contract Amendments.** If a contract amendment requires approval by an elected City officer and, by itself or in combination with the original contract and any other amendments, makes the total anticipated value of the contract \$100,000, or more for the first time, the restrictions in Charter Section 470(c)(12) apply from the date the awarding authority first discusses the amendment and terminates 12 months after the date the amendment is approved, disapproved, or withdrawn. However, the restrictions in Charter Section 470(c)(12) do not apply to any subsequent amendments if the contract was previously subject to the restrictions and the contractor fulfilled its obligations under this Section and Charter Section 470(c)(12).
- a. The awarding authority shall notify contractors of the

requirements in this Section and Charter Section 470(c)(12) at the time the awarding authority first discusses the amendment with the contractor.

- b. Contractors shall submit the form identified in Subsection B(3) within ten business days of the date the awarding authority first discusses the amendment with the contractor. The awarding authority shall submit the form as required by Subsection B(2).
- c. This provision does not apply to the exercise of an option that has been previously approved in a written contract.

**6. Business Assistance Virtual Network.** In the event that the City's Business Assistance Virtual Network or similar electronic system is used by a bidder to submit the forms required by this Section to the awarding authority and the Business Assistance Virtual Network or similar electronic system sends the submitted data and the forms to the Ethics Commission, the awarding authority shall not be required to submit the forms to the Ethics Commission.

### **C. Violations and Debarment.**

- 1. In addition to any other penalties or remedies established by this Article, a person who is found to have violated or to have aided or abetted a violation of this Section or Charter Section 470(c)(12) shall not be eligible to bid on or be considered for a contract, extension, or amendment unless the Ethics Commission, as a

body, determines that mitigating circumstances exist concerning such violation. Debarment also applies to an entity that has the same or similar management, ownership, or principal employees as the debarred person and is organized after the proceeding that results in the person's debarment has been initiated.

- 2. The Ethics Commission, as a body, shall determine whether mitigating circumstances apply whenever a violation of this Section or Charter Section 470(c)(12) is determined to have occurred. If the Ethics Commission determines that mitigating circumstances do not exist, the person found to be in violation shall be debarred for the following periods of time after the Ethics Commission's determination:
  - a. One year for the first violation;
  - b. Two years for the second violation;
  - c. Three years for the third violation; and
  - d. Four years for the fourth and subsequent violations.
- 3. The Ethics Commission may adopt regulations regarding mitigating circumstances, including what constitutes mitigating circumstances and any other information determined to be necessary.
- 4. The Ethics Commission staff shall notify all agencies, departments, board and offices of a determination of debarment within ten business

days of the determination. The Ethics Commission's determination regarding debarment is final as to all offices, departments, boards, and agencies and may not be waived.

5. If an awarding authority has an existing contract with a person who is identified in a debarment notice from the Ethics Commission staff, the awarding authority shall determine in writing and, if the awarding authority is a City board, commission, or City Council, at a public meeting whether it is the best interests of the City to terminate the contract.
6. An awarding authority shall not determine whether a violation of this Article or any other City law regarding campaign financing, lobbying, or governmental ethics has occurred.
7. A person who fails to submit a complete disclosure form as required by this Section shall be deemed nonresponsive. However, an awarding authority may award the contract to a bidder who did not submit a complete disclosure form under the following circumstances:
  - a. The contract is a sole source contract for work (as defined in U.S. copyright law) that is protected under an exclusive copyright interest or a subject matter (as defined in U.S. patent law) that is protected by a U.S. patent or a foreign patent that is enforceable in the United States; and

- b. Before awarding the contract, the awarding authority does the following:
  - i. Makes a written finding that entering into the contract is in the best interests of the City; and
  - ii. Notifies the contractor that the contractor, sub-contractor, and principals that, notwithstanding the failure to complete the disclosure form, they are not relieved of their obligations to comply with the requirements of the Charter and this Section or the penalties that may result from failing to comply with those requirements.

*History:*

*Added by Ord. 181972, effective 1/28/12.*

*Amended by Ord. 182264, effective 10/29/12.*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.30).*

*Amended by Ord. No. 183236, effective 10/30/14.*

*Amended by Ord. No. 183414, effective 3/13/15.*

### **SEC. 49.7.36. UNDERWRITER CONTRIBUTION AND FUNDRAISING RESTRICTIONS.**

**A. Definitions.** For purposes of Charter Section 609(e), the definition of awarding authority in Section 49.7.35(A) applies. The following definitions also apply:

**1. "Prohibited Fundraising"** means the following activities:

- a. Asking the underwriting firm, sub-contractor, or an employee, officer, or principal of the underwriting firm or sub-contractor to make a contribution;

- b. Inviting the underwriting firm, sub-contractor, or an employee, officer, or principal of the underwriting firm or sub-contractor to a fundraising event;
- c. Supplying the name of the underwriting firm, sub-contractor, or an employee, officer, or principal of the underwriting firm or sub-contractor to be used for an invitation to a fundraising event;
- d. Permitting one's name to appear on a solicitation for contributions or an invitation to a fundraising event sent to the underwriting firm, sub-contractor, or an employee or officer of one of those persons;
- e. Providing the use of one's home or business to hold a fundraising event if the underwriting firm, sub-contractor, or an employee, officer, or principal of the underwriting firm or sub-contractor attends the event;
- f. Paying for at least 20 percent of the costs of a fundraising event if the underwriting firm, sub-contractor, or an employee, officer, or principal of the underwriting firm or sub-contractor attends the event;
- g. Hiring another person to conduct a fundraising event if the underwriting firm, sub-contractor, or an employee, officer, or principal of the underwriting firm or sub-contractor attends the event;
- h. Delivering a contribution, either in person or by mail, of the underwriting firm, sub-contractor, or to an employee, officer, or principal of the underwriting firm or sub-contractor to an elected City officer, a candidate for elected City office, or an agent of the officer or candidate; or
- i. Acting as an agent or intermediary in connection with the making of a contribution by the underwriting firm, sub-contractor, or to an or employee, officer, or principal of the underwriting firm or sub-contractor to an elected City officer, a candidate for elected City office, or a City controlled committee.

2. **“Sub-contractor”** means a person who is expected to receive at least \$100,000 as a result of performing some or all of the underwriting firm's contract obligations but does not include an underwriting firm member of the syndicate in the applicable revenue bond sale.

3. **“Underwriting firm”** means any firm that seeks to provide underwriting services for noncompetitive sales of revenue bonds for the Airport, Harbor, or Water and Power Departments as provided in Charter Section 609 in response to a solicitation from an awarding authority.

B. For purposes of Charter Section 609(e), the following apply:

1. **Timing of Fundraising and Contribution Restrictions.** In

addition to the restrictions provided in Charter Section 609(e), underwriting firms, sub-contractors, and principals may not make any contributions to or engage in prohibited fundraising for elected City officers, candidates for elected City office, or City controlled committees from the date a response is submitted to a solicitation to be included on a pre-qualified list of underwriters or any subsequent solicitation for selection of an underwriter until one of the following dates:

- a. For underwriting firms that are not selected to be on the pre-qualified list, the date the list selection is made.
- b. For underwriting firms that are on the pre-qualified list, but not selected to contract after a subsequent solicitation, and are not members of the syndicate providing underwriting services on the sale of the revenue bonds, 12 months following the date of the list selection, and following the solicitation, on the date of the selection of the underwriting firm for a noncompetitive bond sale, or the date the solicitation is withdrawn or canceled.
- c. For underwriting firms that are on the pre-qualified list, and are selected to contract after a subsequent solicitation, or are members of the syndicate providing underwriting services on the sale of the revenue bonds, 12 months following the date of the list selection, and 12 months

after the underwriter selection is made.

**2. Contract Solicitations and Notifications.** Each awarding authority shall include in each contract solicitation for underwriting firm services regarding a noncompetitive sale for revenue bonds, including selection of a pre-qualified list of underwriters, the form identified in Subsection B(3) and a description of the prohibitions and requirements in the City Charter Section 609(e) and this Section.

- a. The awarding authority shall determine whether the form is complete for responsiveness purposes.
- b. The awarding authority shall submit the form to the Ethics Commission within 10 business days of the due date of the proposals. The awarding authority must also comply with the reporting requirements in Section 49.5.11(B).
- c. The awarding authority shall notify each underwriting firm that is not selected as pre-qualified underwriter or not selected as the underwriter on a particular noncompetitive sale of revenue bonds, the date the selection was made, terminated, or withdrawn, unless that information is available on a City website.

**3. Disclosure Form.** Every underwriting firm seeking to provide services regarding noncompetitive sales of revenue bonds under Charter Section 609(e) shall file a

form with the awarding authority, at the time the response is submitted, that contains the following information and is submitted under oath:

- a. A description of the contract, including any City reference number associated with it, or if selection is of a pre-qualified list, a short description of the services to be provided, including any City reference number associated with it;
- b. The name of the awarding authority;
- c. The date the bid or other response was submitted to the awarding authority;
- d. The name of the underwriting firm;
- e. The address of the underwriting firm;
- f. The phone number of the underwriting firm;
- g. The names and titles of the underwriting firm's principals;
- h. The names of the underwriting firm's sub-contractors;
- i. The names and titles of each sub-contractor's principals;
- j. A certification that the underwriting firm understands, will comply with, and will notify its principals and sub-contractors of the prohibitions and restrictions in

this Section and Charter Section 609(e); and

- k. A certification that the underwriting firm and its principals have not made prohibited gifts or contributions during the 12 months prior to selection for a contract, unless the matter is only a selection of a pre-qualified list of underwriters.

**4. Requirement to Amend Form.** If the information submitted pursuant to Subsection B(3) changes after the response is submitted, the underwriting firm shall amend the form and submit it to the awarding authority within ten business days of the change.

- a. The requirement to amend the form applies whenever the prohibitions and restrictions in Charter Section 609(e) apply to the underwriting firm, including after the contract approval for underwriting firms that are selected or are performing underwriting service as a member of a syndicate on the revenue bond sale.
- b. The awarding authority shall electronically submit the form to the Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Ethics Commission, within 10 business days of receipt.

**5. Business Assistance Virtual Network.** In the event that the City's Business Assistance Virtual Network or similar electronic system is used

by a bidder to submit the forms required by this Section to the awarding authority and the Business Assistance Virtual Network or similar electronic system sends the submitted data and the forms to the Ethics Commission, the awarding authority shall not be required to submit the forms to the Ethics Commission.

**6. Violations and Debarment.** The provisions of Section 49.7.35(C) shall also apply to violations of this Section and Charter Section 609(e).

*History:*  
*Amended by Ord. 175344, effective 8/16/03.*  
*Amended by Ord. 181972, effective 1/28/12.*  
*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.31).*  
*Amended by Ord. 182362, effective 1/30/13.*  
*Amended by Ord. No. 183236, effective 10/30/14.*  
*Amended by Ord. No. 183414, effective 3/13/15.*

**SEC. 49.7.37. RECORDKEEPING.**

Persons subject to this Article shall keep records that demonstrate compliance with this Article and the related Charter and Administrative Code provisions for four years.

*History:*  
*Added by Ord. 181972, effective 1/28/12.*  
*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.32).*  
*Amended by Ord. No. 183236, effective 10/30/14.*

**SEC. 49.7.38. ENFORCEMENT.**

**A. Criminal Enforcement.**

1. A person who knowingly or willfully violates a provision of this Article is guilty of a misdemeanor. Any person who knowingly or willfully causes another person to violate a provision of this Article, or who aids and abets another person in the violation of a provision of this Article,

is liable under the provisions of this Section.

2. Prosecution of a violation of this Article shall be commenced within four years after the date of the violation.
3. A person convicted of a misdemeanor under this Article may not act as a City lobbyist or as a City contractor for four years following the date of the conviction, unless the court specifically determines at the time of sentencing that this provision should not be applied. For purposes of this Subsection, a plea of *nolo contendere* is a conviction.

**B. Civil Actions.**

1. A person who intentionally or negligently violates a provision of this Article is liable in a civil action brought by the City Attorney, the Ethics Commission, or a person residing within the City. The amount of liability may not exceed the greater of \$5,000 per violation or three times the amount the person failed to properly report or unlawfully contributed, expended, gave, or received.
2. If two or more persons are responsible for a violation, they are jointly and severally liable.
3. Before filing a civil action pursuant to this Subsection, a person other than the City Attorney shall first file with the Ethics Commission a written request for the Ethics Commission to commence an action. The request shall contain a statement of the grounds for

believing a cause of action exists. The Ethics Commission shall respond within 40 days after receiving the request and indicate whether it intends to file a civil action. If the Commission indicates in the affirmative and files an action within 40 days after the response, no other action may be brought unless the action brought by the Ethics Commission is dismissed without prejudice.

4. In determining the amount of liability, 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 percent of the amount recovered. The remaining 50 percent shall be deposited into the City's General Fund. In an action brought by the City Attorney or the Ethics Commission, the entire amount shall be paid to the City's General Fund.
5. An action alleging a violation of this Article may not be filed more than four years after the date the violation occurred.

**C. Injunctive Relief.** A person residing within the City, including the City Attorney, may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this Article.

**D. Costs of Litigation.** In a civil action, the court may award to a prevailing party, other than an agency, the party's costs of litigation, including reasonable

attorneys' fees. If the costs or fees are awarded against the City, the payment of the award is the responsibility of the City, subject to City Council approval.

**E. Administrative Penalties.** The Ethics Commission may impose penalties and issue orders for violations of this Article pursuant to its authority under Charter Section 706(c).

**F. Liability.**

1. In addition to a committee itself, persons who qualify under the Political Reform Act as principal officers of the committee are jointly and severally liable for violations by the committee. For City committees controlled by a candidate for elected City office, the candidate and the committee treasurer are deemed to be principal officers.
2. In addition to a person whose conduct is required or prohibited under this Article, an agent acting on behalf of that person is jointly and severally liable for a violation that arises out of the agent's actions. There is a rebuttable presumption that the following persons are agents of a committee:
  - a. A current or former officer of the committee;
  - b. An employee of the committee;
  - c. A person who has received compensation or reimbursement from the committee; and
  - d. A person who holds or has held a position within the committee organization that reasonably appears to be able to authorize

expenditures for committee activities.

3. This Subsection does not limit potential liability for persons who cause another person to violate this Article or who aids and abets another person in a violation as described in Charter Section 706.

*History:*

*Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.34).  
Amended by Ord. No. 183236, effective 10/30/14.*

held invalid by a court, the remainder of this Article and the application of the provision to other persons or circumstances is not affected by that determination, to the extent that the provision or its application can be given effect.

*History:*

*Amended by Ordinance No. 175344, effective 8/16/03.  
Amended by Ord. 182264, effective 10/29/12.  
Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.36).*

### **SEC. 49.7.39. LATE FILING PENALTIES.**

In addition to any other penalties, a person who files an original statement or report after a deadline imposed by this Article is liable to the Ethics Commission in the amount of \$25 per day after the deadline until the statement or report is filed, up to a maximum of \$500. Liability need not be enforced by the Ethics Commission if its Executive Officer determines that the late filing was not willful and that enforcement of the liability will not further the purposes of the Article. Liability may not be waived if a statement or report is not filed within 30 days after receiving notice from the Ethics Commission staff that the statement or report is past due.

*History:*

*Amended by Ord. 182264, effective 10/29/12.  
Renumbered by Ord. 182264, effective 10/29/12 (prev. 49.7.35).  
Amended by Ord. No. 183236, effective 10/30/14.*

### **SEC. 49.7.40. SEVERABILITY.**

The provisions of this Article are severable. If any provision of this Article or its application to any person or circumstance is

### **APPENDIX 3**

Public Matching Funds Regulations  
*LAAC §§ 24.31 et seq.*

# Public Matching Funds

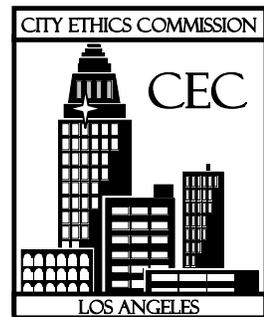
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◆◆◆ Los Angeles Administrative Code §§ 24.31 *et seq.*

*Effective October 30, 2014*

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**Los Angeles Administrative Code  
Division 24, Chapter 3  
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## Public Matching Funds

Los Angeles Administrative Code, Division 24, Chapter 3

*Added by Ordinance No. 168501, effective 2/04/93.*

*Amended by Ordinance No. 171499, effective 3/08/97.*

*Amended by Ordinance No. 172930, effective 1/10/00.*

*Amended by Ordinance No. 175345, effective 8/16/03.*

*Amended by Ordinance No. 181972, effective 1/28/12.*

*Amended and renumbered by Ord. 182264 (24.5), effective 10/29/12.*

### Sec. 24.31. Procedural Regulations for the Public Matching Funds Program.

(a) **Scope.** This chapter sets forth the procedural requirements of the Matching Funds Program.

(b) **Definitions.** The following terms used in this Chapter have the meanings identified below. Other terms used in this Chapter have the meanings identified in the Political Reform Act, Charter Sections 470 and 471, and Municipal Code Sections 49.7.1, *et seq.*

(1) **“Authorized Agent”** means an individual named on a written list of individuals who may receive matching funds payments on behalf of a participating candidate. The participating candidate must sign the list and submit it to the Ethics Commission.

(2) **“Charter”** means the Los Angeles City Charter.

(3) **“Controlled Committee”** means the campaign committee that is authorized by a participating candidate on that candidate’s Statement of Organization (California Fair Political Practices Commission Form 410) to receive contributions and make

expenditures in connection with that candidate’s campaign for the elected City office that is specified on the candidate’s current Declaration of Intent to Solicit and Receive Contributions.

(4) **“Debate”** means a discussion between two or more candidates who have qualified to appear on a ballot for elected City office that is moderated by an independent third party and attended by the public.

(5) **“Election Code”** means the Los Angeles City Election Code.

(6) **“Fund”** means the Los Angeles City Public Matching Campaign Funds Trust Fund.

(7) **“Municipal Code”** means the Los Angeles Municipal Code.

(8) **“Political Reform Act”** means the California Political Reform Act of 1974 (California Government Code Sections 81000 *et seq.*) and the related regulations of the California Fair Political Practices Commission.

(9) **“Program”** means the City’s public matching funds program.

(10) **“Surplus Matching Funds”** means the amount of unspent matching funds after the participating candidate has withdrawn from candidacy or after the election has occurred and the campaign expenditures incurred in that election have been paid.

(11) **“Treasurer”** means the treasurer identified on a participating candidate’s Statement of Organization (California Fair Political Practices Commission Form 410).

(c) **Filings.** A person required by this chapter to file a document or other item with the Ethics Commission must do so in a method prescribed by the Ethics Commission staff.

*History:  
Amended by Ord. 183237, effective 10/30/14.*

**Sec. 24.32. Accepting and Qualifying For Matching Funds.**

**(a) Statement of Acceptance or Rejection of Matching Funds.**

(1) Each candidate for elected City office must file with the Ethics Commission a Statement of Acceptance or Rejection of Matching Funds as required by Municipal Code Section 49.7.22.

(A) The statement may not be filed earlier than the date the candidate files a Declaration of Intent to Solicit and Receive Contributions under Charter Section 470(c)(1) and may not be filed later than the final date to file a Declaration of Intention

to Become a Candidate under City Election Code Section 301.

(B) A candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds within the permitted time period may not be a participating candidate.

(C) A candidate who initially agrees to participate in the program may subsequently decline to participate if another candidate in the same race is a non-participating candidate.

(i) To subsequently decline to participate, the candidate must notify the Ethics Commission in writing no later than 5:00 p.m. on the fifth business day after the final date to file the Declaration of Intention to Become a Candidate. A candidate may not subsequently decline to participate after that date.

(ii) A candidate who subsequently declines to participate in the program is a non-participating candidate who is ineligible to receive matching funds for that election cycle and must return to the City all matching funds received for that election cycle.

(2) The following must be provided in every Statement of Acceptance or Rejection of Matching Funds:

- (A) The candidate's name and an address and telephone number at which the candidate can be reached during regular business hours;
  - (B) The elected City office the candidate is seeking;
  - (C) The election for which the statement is filed;
  - (D) Whether or not the candidate elects to accept public matching funds;
  - (E) A statement that the candidate understands that the acceptance or rejection of matching funds is effective for both the primary election and the general election;
  - (F) The candidate's certification under penalty of perjury; and
  - (G) The candidate's signature.
- (3) Participating candidates must also certify the following on the Statement of Acceptance or Rejection of Matching Funds:
- (A) The candidate understands the requirements in the City's Campaign Finance Ordinance (Municipal Code Sections 49.7.1, *et seq.*) and that those requirements must be satisfied before the candidate may receive public funds;
  - (B) The candidate agrees to participate in at least one debate with opponents in the primary election and at least two debates with the opponent in the general election;
  - (C) The candidate has not made and will not make expenditures in excess of the expenditure ceilings in Municipal Code Section 49.7.24, unless those limits have been lifted under Municipal Code Section 49.7.25;
  - (D) The candidate has not used and will not use personal funds for the election in excess of the limits in Municipal Code Section 49.7.23(C)(5);
  - (E) The candidate has not used and will not use matching funds in violation of federal, state, or City law or to pay fines, penalties, or inauguration expenses;
  - (F) The candidate understands that the candidate and the candidate's treasurer must attend the training required by Municipal Code Section 49.7.12 before receiving any matching funds;
  - (G) The candidate understands that the acceptance of matching funds is effective for both the primary and general elections;
  - (H) The candidate understands that if another candidate for the same office is a non-participating candidate, the candidate may withdraw from the program up to five business days after the final filing date

for filing a Declaration of Intention to Become a Candidate; and

- (l) The candidate understands that not abiding by the terms of the program will result in disqualification from the program and may require the candidate to return all matching funds received for that election.

**(b) Determination of Qualification.**

(1) A participating candidate must meet all qualification requirements in this Chapter and Municipal Code Sections 49.7.1 *et seq.* in order to receive matching funds.

(2) A participating candidate must file a request for qualification with the Ethics Commission.

(A) The request must include the following information:

- (i) The date of the request;
- (ii) The information in Sections 24.34(a)(1)-(4);
- (iii) The information in Sections 24.34(a)(7)(B)(i)-(iv) for each qualified contribution used to comply with Municipal Code Section 49.7.23(C)(1)(a) and 49.7.23(C)(2). Contributions must be listed alphabetically by the last names of the contributors, with contributions required under paragraph (C) alphabetized separately;

(iv) The documentation required by Section 24.34(a)(8); and

(v) The certification required by Section 24.34(a)(9).

(B) The request must be filed with the Ethics Commission prior to the date of the primary election. For candidates who do not qualify to receive matching funds in the primary election and proceed to the general election, the request must be filed prior to the date of the general election.

(C) The request must identify at least 200 contributions that comply with the requirements in Municipal Code Section 49.7.23(C)(2). The participating candidate and treasurer must certify under penalty of perjury that, to the best of their knowledge and belief, the identified contributions comply with the requirements.

(D) The request and the first matching funds claim may be the same document, as long as all required information is provided.

(3) Ethics Commission staff must determine whether a participating candidate has met all qualification requirements within four business days after receiving all information necessary to process a request, including certification from the City Clerk that the participating

candidate's name will appear on the ballot for the election.

(A) When reviewing whether the participating candidate has met the qualification thresholds in Municipal Code Sections 49.7.23(C)(1)(a) and 49.7.23(C)(2), Ethics Commission staff need not review more qualified contributions than are necessary for a determination that the participating candidate has met the thresholds.

(B) Ethics Commission staff will notify the participating candidate of the determination in writing, and the notice must be signed by the Executive Officer or the Executive Officer's designee.

(4) If Ethics Commission staff determines that a participating candidate is not qualified to receive matching funds, the participating candidate may do either of the following:

(A) Resubmit a request for qualification; or

(B) Submit a written request for review to the Executive Officer.

The request must be submitted within ten business days after the date of the notice of the determination but may not be submitted after the election. The request must specify the reasons the participating candidate believes that the qualification requirements have been met. The

Executive Officer will conduct a review and issue a determination within five business days of receiving the request and may extend that response time for good cause.

**(c) Qualification For Ballot.**

(1) A participating candidate who fails to qualify to appear on the ballot may not receive matching funds.

(2) A participating candidate who initially qualifies for the ballot but is later disqualified from the ballot will be suspended from the program at the time of the disqualification.

(A) The candidate will be ineligible to receive additional public funds until the qualification is restored.

(B) Any public funds in the candidate's possession may not be spent for any purpose other than to pay for campaign expenditures incurred before the date of the disqualification. All public funds in excess of such expenditures must be repaid to the Ethics Commission within 10 days of the date of the disqualification.

*History:  
Amended by Ord. 183237, effective 10/30/14.*

**Sec. 24.33. Allocation of Matching Funds.**

(a) The Ethics Commission members must determine whether, based on the number of participating

candidates, the amount of money in the Fund is adequate to provide the maximum matching funds to participating candidates.

(b) For primary elections, the determination must be made within 40 days of the last day to decline to participate in the program. If that determination results in reduced maximum funds, the Ethics Commission members must make a second determination at least two weeks before the primary election.

(c) For general elections, the determination must be made within 40 days after the City Clerk certifies the candidates whose names will appear on the ballot.

(d) If the Ethics Commission members determine that the Fund may not be adequate to provide maximum matching funds to participating candidates, it must reduce the maximums on a pro rata basis.

(1) The Ethics Commission members may not otherwise change the matching funds formula.

(2) If the determination is made for a primary election, a portion of the Fund equal to a one-fifth grant for two candidates in each race in which there are participating candidates must be reserved for disbursement in the general election.

(3) If a second determination is required for a primary election, the Ethics Commission members may raise the maximum matching funds, but the maximums may

never exceed the amounts in Municipal Code Section 49.7.29.

(e) The Ethics Commission members must take action under this Section by resolution at public meetings.

#### **Sec. 24.34. Matching Funds Payments.**

(a) **Claim Form.** A participating candidate must file a matching funds claim form with the Ethics Commission to receive matching funds. The form must include all of the following:

- (1) The participating candidate's name and an address and telephone number at which the participating candidate may be reached during regular business hours;
- (2) The elected City office the participating candidate is seeking;
- (3) The election for which the form is filed;
- (4) The name and identification number of the participating candidate's controlled committee;
- (5) The date the claim is submitted;
- (6) The total amount of matching funds claimed through the form;
- (7) A list of all qualified contributions for which the participating candidate claims matching funds;
  - (A) The list must be alphabetical by the last names of the contributors; and

- (B) The following information must be provided for each qualified contribution:
- (i) The contributor's name, residence address, occupation, and employer (or, if the contributor is self-employed, the name of the contributor's business);
  - (ii) The contributor's certification that the information provided under paragraph (i) is correct and that the address provided is the contributor's residence address;
  - (iii) The date the contribution was received;
  - (iv) The amount of the contribution;
  - (v) The cumulative amount of contributions received from that contributor for the same election;
  - (vi) The portion of the contribution for which matching funds are claimed; and
  - (vii) The cumulative amount of matching funds already received for the same election based on contributions from that contributor.
- (8) A true and correct copy of documentation that supports each listed contribution. Supporting documentation includes copies of checks, credit card transaction receipts, and cash receipts; and
- (9) A certification signed under penalty of perjury by both the participating candidate and the treasurer that all contributions have been deposited into the controlled committee's campaign checking account and that, to the best of their knowledge and belief, the form and all supporting documents are true and complete and all contributions are from City residents.
- (b) Claim Amendments.**
- (1) Matching funds claims and their supporting documentation may be amended.
  - (2) In addition to all of the information required for the original claim, amendments must state why the amendment is necessary and must itemize the data that is being amended.
  - (3) Ethics Commission staff will review each amendment, to determine whether an adjustment to the participating candidate's matching funds payment is necessary.
    - (A) If an amendment results in a supplementary matching funds payment, it will be processed in the same manner as a payment for an original claim; and
    - (B) If an amendment reveals that the participating candidate received excess matching

funds, the participating candidate must return the amount of the excess to the Ethics Commission within 10 business days of receiving notice of the overpayment.

candidate receiving the maximum matching funds for that election.

- (3) Matching funds claims will not be accepted more than three months after the election for which the qualified contribution was made.

**(c) Payment and Claim Windows.**

- (1) Matching funds payments will not be made until the City Clerk certifies that the participating candidate's name will appear on the election ballot. Within five business days of the later of certification for the general election or qualification to receive matching funds, each participating candidate who has qualified to receive matching funds will receive one-fifth of the amount specified in Municipal Code Section 49.7.29(B), without being subject to the matching formula specified in Municipal Code Section 49.7.27.

- (2) Matching funds claims must identify at least \$10,000 in matchable portions of qualified contributions, as determined by the formula in Municipal Code Section 49.7.27(A), except in the following circumstances:

- (A) From 14 days before an election until three months after an election, claims must identify at least \$1,000 in matchable portions of qualified contributions; or

- (B) Claims may identify any amount in matchable portions of qualified contributions if the payment requested would result in the participating

**(d) Reviewing Claims.**

- (1) Ethics Commission staff must review matching funds claim forms to determine the amount of qualified contributions and the amount of matching funds that may be paid.

- (A) Matching funds may not be paid for any portion of a qualified contribution that is returned to or not paid by the contributor;

- (B) Based on the staff review, the Executive Officer or the Executive Officer's designee must determine the amount of matching funds payable to a participating candidate. The staff need not review more qualified contributions than are necessary to match the amount claimed under Subsection(a)(6);

- (C) The determination must be made within four business days after the later of receiving all information necessary to process the claim or determining that the participating candidate has met all qualifications requirements; and

(D) Ethics Commission staff must notify the participating candidate in writing of the determination.

(2) If Ethics Commission staff determines that any portion of a matching funds claim is not payable, the candidate may submit a written request for review to the Executive Officer within ten business days of the date on the notice of the determination. The request must specify the reasons the participating candidate believes that a different amount should be paid. The Executive Officer or the Executive Officer's designee will conduct a review and issue a determination within five business days of receiving the request and may extend that response time for good cause.

(e) **Processing Claims.** Matching funds payments will be processed as follows.

(1) Ethics Commission staff will issue a matching funds payment authorization letter with supporting documents to the Controller's office, certifying the amount of matching funds payable to the participating candidate.

(2) Payments will be drawn from the Fund and made payable to the participating candidate.

(3) For all authorizations that it receives by 2:00 p.m., the Controller's office will issue payment no later than noon on the second business day after receipt.

(4) The Controller's office will issue payments only to the Ethics Commission staff for distribution.

(f) **Distribution of Payments.**

(1) Matching funds payments will be available for distribution within six business days after the later of the date the Ethics Commission receives all information necessary to process a claim or the date the Ethics Commission determines that the participating candidate has met all qualification requirements.

(2) Matching funds payments will be distributed at the Ethics Commission office after 2:00 p.m. on the day the payments are issued by the Controller's office.

(3) Matching funds payments will be released only to a participating candidate, the treasurer, or an authorized agent. The recipient must display proper identification.

(4) The recipient must sign a matching funds payment receipt to receive the payment. The receipt must contain the following information:

(A) The name of the participating candidate;

(B) The name of the recipient;

(C) The elected City office the participating candidate is seeking;

(D) The date the Ethics Commission received the

matching funds payment from the Controller;

- (E) The amount of the certified matching funds payment;
- (F) The date the individual received the payment; and
- (G) A summary of all matching funds payments issued to the participating candidate to date.

(g) **Payment Is Not Final Determination.** A matching funds payment does not constitute the Ethics Commission's final determination of the amount for which a participating candidate may qualify.

*History:*  
*Amended by Ord. 183237, effective 10/30/14.*

#### **Sec. 24.35. Matching Funds Audits.**

- (a) Determinations regarding qualification by and amounts of payment to candidates are subject to post-payment reviews and audits pursuant to Charter Section 702(d) and Section 24.41 of this Code.
  - (1) If a review or audit reveals that additional matching funds may be paid to a candidate, Ethics Commission staff will notify the candidate.
  - (2) If a review or audit reveals that a candidate received excess matching funds, the candidate must return the amount of the excess to the Ethics Commission within ten business days of receiving notice of the overpayment. If the funds are not

returned within ten business days, subsequent payments will be reduced by the amount of the overpayment.

- (b) Statements and forms required or filed for the program are subject to desk and field audits under Charter Section 702(d).

*History:*  
*Amended by Ord. 183237, effective 10/30/14.*

#### **Sec. 24.36. Return of Matching Funds.**

- (a) Candidates may be required to return matching funds if they are disqualified from or violate the terms of the program or for other reasons specified in the Municipal Code or this Chapter.
- (b) Matching funds must be returned within the following time periods:
  - (1) Surplus matching funds must be returned within 90 calendar days after the election or, if the candidate withdraws from the election, within ten calendar days after the withdrawal.
  - (2) If Ethics Commission staff notifies a candidate in writing that matching funds must be returned, the matching funds must be returned with[in] 15 calendar days of the date on the written notice.
- (c) Matching funds must be returned through a cashier's check payable to the Ethics Commission for deposit into the Fund.
- (d) Candidates who do not return matching funds as required are

subject to legal action for collection of the funds.

*History:*  
*Amended by Ord. 183237, effective 10/30/14.*

### **Sec. 24.37. Recordkeeping Requirements.**

- (a) Candidates must use best efforts to obtain, maintain, and submit to the Ethics Commission all required information.
  - (1) Candidates must keep complete records of all efforts to obtain, maintain, and submit required information.
  - (2) For receipts, bills, and bank records, best efforts require at least one written effort per transaction to obtain the documentation.
- (b) Candidates must retain all records and documents required to be kept under this chapter, Municipal Code Sections 49.7.1 *et seq.*, and California Government Code Section 91011 for at least four years after the date of the last election to which the records or documents relate.
- (c) Candidates must notify the Ethics Commission in writing of any person other than the treasurer who is a custodian for the candidate's records. The notice must include the location of those records and documents and must be amended whenever a change of address occurs.

*History:*  
*Amended by Ord. 183237, effective 10/30/14.*

### **Sec. 24.38. Violations.**

- (a) Matching funds may be spent only for purposes reasonably related to influencing or attempting to influence the actions of the voters for or against the election of a City candidate in the race for which the matching funds were distributed. Using matching funds in other ways is a misappropriation of the funds and violates this Chapter.
- (b) The failure of a candidate, controlled committee, or treasurer to comply with any provision of this chapter is a violation of this chapter and is subject to the penalties and remedies in Charter Section 706 and Municipal Code Section 49.7.38.
- (c) In addition to any penalty, a candidate who violates a term or requirement of the program may be required to return all matching funds that the candidate received for the election during which the violation occurred.

*History:*  
*Amended by Ord. 183237, effective 10/30/14.*

## **APPENDIX 4**

### Excess Contribution Policy

## **Excess Contribution Policy**

Adopted September 22, 2004

Amended March 9, 2010

Amended June 12, 2014

### A. 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 refund excess contributions in certain circumstances, to comply with City law. The Commission, therefore, adopts this policy, which may be applied in those cases that meet all of the requirements noted below.

### B. Definitions

1. "Applicable law" means a City law that limits or prohibits contributions to participants but does not include the limitation in Los Angeles Municipal Code § 49.7.23(C)(4).
2. "Board of Education office" means the office of a member of the Board of Education of the Los Angeles Unified School District.
3. "City office" means the office of mayor, controller, city attorney, or councilmember of the City of Los Angeles.
4. "Days" means calendar days, not business days, and includes weekends and holidays.
5. "Excess contribution" means all or part of a contribution that is received by a participant in excess of a limit or prohibition in an applicable law.
6. "Participant" means either of the following:
  - An individual who seeks, holds, or has sought or held City or Board of Education office; or
  - A committee controlled by an individual who seeks, holds, or has sought or held City or Board of Education office.
7. "Sufficient documentation" means documents that show the proper refund of an excess contribution, including but not limited to written verification that an excess contribution was made, that the excess contribution was deposited into the participant's bank account, that the excess contribution was refunded to the contributor or remitted to the City, that the excess contribution cleared the participant's bank account, and that matching funds related to the excess contribution were returned or justified with an alternate contribution.

### C. Applicability

1. A participant who receives an excess contribution will not be penalized for a violation of the applicable law for that contribution if the participant cures the contribution by meeting the following requirements:

- a. The participant refunds the excess contribution to the contributor or remits the excess contribution to the City.
    - i. The excess contribution must clear the participant's checking account within 75 days after the filing deadline for the statement in which the excess contribution must be disclosed.
    - ii. If the excess contribution is cured by refund to the contributor, it must be done through a reverse charge to the contributor's credit card, a cashier's check, or a check drawn on the participant's checking account.
    - iii. If the excess contribution is cured by remittance to the City, it must be done through a cashier's check or a check drawn on the participant's checking account, either of which must be made payable to the General fund of the City of Los Angeles and sent to the Commission by certified mail.
  - b. The participant returns any public matching funds received as a result of the excess contribution to the City of Los Angeles Public Matching Funds Trust Fund or submits alternate qualified contributions to justify receipt of the public matching funds.
  - c. The participant maintains and provides to Commission staff sufficient documentation to substantiate that the necessary refund or remittance and, if applicable, return have been made.
2. If an excess contribution is properly cured, the contributor will not be penalized for a violation of the applicable law for that contribution.
  3. Excess contributions that are properly cured will be identified in the Commission's public audit reports for participants who make use of this policy.
  4. This version of the policy applies to contributions that must be disclosed in statements that are due on or after June 12, 2014.

D. 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 or contributor's enforcement history; a failure to cooperate during the audit or investigation process; and the overall interests of justice.

## **APPENDIX 5**

### Audit Policy

## Audit Policy

Adopted August 2, 2004  
Amended June 13, 2013  
Amended June 12, 2014  
Amended August 9, 2016

### A. Introduction

In 2004, the Ethics Commission adopted an audit policy to promote timely campaign audits. The Ethics Commission continues and reaffirms its commitment to efficient audits and the fullest possible enforcement of the laws within its jurisdiction.

The Ethics Commission recognizes that most audit findings are a result of administrative errors or unintentional oversights. This policy is designed to allow participants to resolve audit findings outside of any enforcement proceedings and is based on the following premises:

1. City campaigns involve increasingly more contributions and expenditures, which requires increasingly more time and resources to audit and be audited;
2. The expedient and accurate resolution of audits is the best use of scarce public resources that can be used to investigate other cases that involve significant or intentional misconduct;
3. Voluntary cooperation with Ethics Commission staff is a factor that must be considered when framing a penalty under Los Angeles Administrative Code § 24.27(f)(3)(a)(vi); and
4. Prompt admission of violations benefits the public, whereas delay and false denial undermines the public trust.

This policy, therefore, provides for the early resolution of audit findings when a participant clearly demonstrates acceptance of responsibility for its violations by complying with the terms below. This policy provides only guidance and does not create any substantive or procedural rights, nor does it limit any enforcement prerogative of the Ethics Commission.

### B. Definitions

1. "Board of Education office" means the office of a member of the Board of Education of the Los Angeles Unified School District.
2. "City office" means the office of mayor, controller, city attorney, or councilmember of the City of Los Angeles.
3. "Early resolution audit (ERA)" means an audit that may be resolved under Section D because the participant has complied with the requirements of this policy.

4. "Participant" means either of the following:
  - An individual who seeks, holds, or has sought or held City or Board of Education office; or
  - A committee controlled by an individual who seeks, holds, or has sought or held City or Board of Education office.

C. Time Lines

The goal of this policy is to complete each campaign audit within a reasonable amount of time without compromising quality, oversight, or public policy.

1. A participant who does all of the following may be eligible for an early resolution audit (ERA):
  - a. Attends a candidate training conducted by the Ethics Commission for the election that triggers an audit cycle for the participant.
  - b. Files all campaign reports using the Ethics Commission's electronic filing system.
  - c. Maintains all financial data and records for the committee in an organized manner and makes them available by the target audit start date in an electronic format prescribed by the Ethics Commission.
  - d. Provides to the Ethics Commission an original or an easily readable paper copy of any record or other documentation regarding committee activity, including but not limited to credible and contemporaneous third-party records, within seven calendar days after the Ethics Commission makes the request.
  - e. Has 10 or fewer audit findings during a single audit cycle.
2. If a participant is not eligible for an ERA or is disqualified or removed from ERA eligibility, the participant's audits may not start when originally scheduled, and the guidelines identified in paragraph 3 may not apply.
3. An audit of a single committee will be completed according to the following guidelines:
  - a. For committees that raised or spent up to \$500,000, the audit should be completed within 45 calendar days after the audit start date.
  - b. For committees that raised or spent more than \$500,000, the audit should be completed within 60 calendar days after the audit start date.
  - c. For any committee, the completion date may be extended for good cause by the Director of Audits up to 180 calendar days after the audit start date.
4. Ethics Commission staff will provide as much notice as possible of target audit start dates, to assist participants in preparing their financial data and other

records. Every effort will be made to follow the target audit schedules, but they may be revised by Ethics Commission staff at any time.

5. When draft audits of all of a participant's committees for a single audit cycle have been completed, the following apply:
  - a. Ethics Commission staff will issue to the participant a draft audit report for each committee, and the participant will have 21 calendar days to respond to all of the draft audit reports.
  - b. For each committee audited, Ethics Commission staff will issue to the participant a final audit report within 14 calendar days after the later of the deadline for the participant to respond to the draft audit report or the date the Ethics Commission has addressed all of the participant's timely responses to the draft audit report.
  - c. If an audit is eligible for early resolution, the participant must comply with the requirements in Section D within 45 calendar days after the date the final report is issued in order to resolve audit findings under this policy. If the participant fails to comply within 45 calendar days, the audit report will automatically become ineligible for early resolution.
  - d. If an audit is not eligible for early resolution solely because the participant exceeded the threshold in Section C(1)(e), the Ethics Commission's Enforcement Division may subsequently determine that one or more findings do not support action in an administrative enforcement proceeding. If the number of findings is lowered as a result of that determination and, therefore, meets the threshold in Section C(1)(e), the participant's audit may become eligible for early resolution, despite the fact that a final audit report has been issued. An explanatory addendum will be added to all final audit reports that become eligible for early resolution after they are issued.
  - e. Audit reports will be publicly released after they become final.

D. Resolution of Findings

1. If a participant properly complies with all of the requirements of this policy, the participant is not subject to Ethics Commission enforcement proceedings for findings in an ERA report, including a probable cause report, a probable cause determination, a public accusation, and an administrative hearing.
2. This policy has the following minimum requirements and applies only to a participant who complies with all of the following:
  - a. Full Admission. The participant must execute a written ERA agreement fully admitting all findings identified in the ERA reports. The terms of the ERA agreement are not subject to modification, and the participant may not strike or interlineate any portion of the ERA agreement. The ERA agreement will be signed by the Ethics Commission's Executive Director or the Executive

Director's designee, will be incorporated into all related final audit reports, and will be a public record.

- b. Payment. The participant must make a payment to resolve all findings identified in the ERA reports. The amount of the payment is \$1,000 per audit finding. Payment must be made by cashier's check, must be payable to the City's general fund, and must be delivered to the Ethics Commission.
  - c. Deadline. Within 45 calendar days after Ethics Commission staff issues an ERA report, the participant must return the original executed ERA agreement and cashier's check to the Ethics Commission. All of the participant's ERA reports for that audit cycle will become final and will be publicly released after the earlier of the date Ethics Commission staff receive the original executed ERA agreement and cashier's check or 45 calendar days after Ethics Commission staff issues the ERA reports to the participant. Until the original executed ERA agreement and cashier's check are received, Ethics Commission staff may revoke the ERA agreement and limit or deny participation in this policy.
  - d. Waiver of Procedural Rights. The participant must waive all procedural rights under Los Angeles City Charter § 706 and Los Angeles Administrative Code §§ 24.21– 24.29. These rights include but are not limited to the right to receive a probable cause report, a determination of probable cause, and a public accusation; the right to have an administrative hearing held to determine liability; the right to personally appear at an administrative hearing, to subpoena and cross-examine witnesses, and to have the Ethics Commission or an administrative law judge hear the case.
  - e. Waiver of Judicial Review, Appeal, and Collateral Attack. The participant must waive, to the full extent of the law, any right to seek judicial review of, appeal, or collaterally attack the findings identified in the ERA reports, the related payment, or any action by the Ethics Commission or Ethics Commission staff with respect to the audit findings. If the participant breaches the ERA agreement at any time, in any way, including but not limited to seeking judicial review of, appealing, or collaterally attacking the audit findings, the Ethics Commission may commence enforcement proceedings for audit findings that were the subject of the ERA agreement. Additionally, the Ethics Commission may use any factual admissions made by the participant in the ERA agreement in any such enforcement proceeding.
3. Ethics Commission staff determine whether audit findings may be resolved under this policy in cases in which the requirements are met. Audit findings may not be resolved under this policy if, in the judgment of Ethics Commission staff, extenuating circumstances exist. Extenuating circumstances include but are not limited to evidence of egregious conduct, including but not limited to money laundering; evidence of intentional conduct; a pattern of audit findings regarding the same or similar issues; a pattern of violating laws within the Ethics Commission's jurisdiction; the amount of money at issue; the enforcement history of a participant; a failure to cooperate during the audit process; and the overall interests of justice.

4. Ethics Commission staff retain the discretion to impose additional procedural requirements for ERA agreements.
5. If a participant enters into an ERA agreement and evidence emerges of other violations not set forth in an ERA report, the participant may be subject to Ethics Commission enforcement proceedings for those other violations. If evidence emerges that the participant was not truthful regarding audit findings in the ERA agreement, the participant may be subject to Ethics Commission enforcement proceedings for those findings. A penalty assessed through the Ethics Commission's enforcement process for audit findings will be reduced by any payment made for those findings under this policy.
6. An ERA agreement is limited to the Ethics Commission and the participant only and cannot bind any other federal, state, or local prosecuting, administrative, or regulatory authority. The Ethics Commission will bring an ERA agreement to the attention of other authorities if requested by the participant.

E. Effective Date

This revised policy is effective as of August 9, 2016, and may only be applied, if at all, to mandatory or discretionary Ethics Commission audits completed after that date.

## **APPENDIX 6**

Governmental Ethics Ordinance  
*LAMC §§ 49.5.1 et seq.*

# Governmental Ethics Ordinance

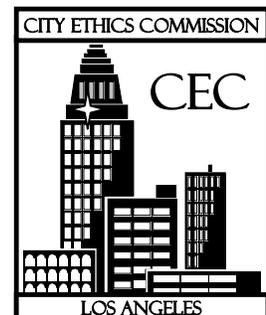
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◆◆◆ Los Angeles Municipal Code Sections 49.5.1 *et seq.*

*Effective August 4, 2015*

Prepared by



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# Governmental Ethics Ordinance

*Los Angeles Municipal Code Chapter IV, Article 9.5*

Added by Ordinance No.165618, effective 4/21/90.

Amended in its entirety by Ordinance No.182842, effective 2/10/14.

## SEC. 49.5.1. TITLE, FINDINGS AND PURPOSE.

**A. Title.** This Article shall be known as the City of Los Angeles Governmental Ethics Ordinance.

**B. Findings.** The following findings are adopted in conjunction with the enactment of this Article:

1. As one of the great international cities of the world, Los Angeles will continue to confront great and complex opportunities and problems of both local and global significance.
2. One of the best ways to attract talented people to public service is to assure that the government is respected for its honesty and integrity; that its decisions are made on the merits, untainted by any consideration of private gain; and that the rules governing their conduct during and after leaving government service are as clear and complete as possible.
3. A governmental ethics ordinance that is as clear, tough, fair, comprehensive and effective as any in the nation is therefore needed.

**C. Purposes.** This Article is adopted to accomplish the following purposes:

1. To assure that individuals and interest groups in our society have a fair and equal opportunity to participate in the governmental process.
2. To assure that the governmental process itself promotes fairness and equity for all residents of the City regardless of race, color, creed, religion,

national origin, age, sex, marital status, sexual orientation or disability.

3. To require elected City officers and key City officials to disclose investments, interests in real property and income in order to prevent conflicts of interests.
4. To prevent elected City officers and key City officials from receiving outside earned income that creates a potential conflict of interests.
5. To prevent City officials from lobbying the City for certain periods of time after they leave City service.
6. To increase understanding of the City Charter and ordinances, the roles of elected City officers and other public officials, the roles of City agencies, and the City election process.
7. To help restore public trust in governmental and electoral institutions.
8. To assure that this Article is vigorously enforced.

## SEC. 49.5.2. DEFINITIONS.

The following terms have the meanings identified below. Other terms used in this Article have the meanings identified in the state's Political Reform Act.

**A. "Agency"** means the City of Los Angeles or any City department, bureau, office, board, commission, or entity required to adopt a conflict of interests code subject to City Council approval. With respect to employees of a City Council member's staff and employees of the Chief Legislative Analyst's office, "agency"

means the City Council. The term does not include a governmental entity that is not within the City's control, even if the entity is required to adopt a conflict of interests code subject to City Council approval, unless the entity elects to be subject to this Article.

- B. **"Bidder"** means a person who bids on or submits a proposal or other response to a City contract solicitation including a request for proposals, request for bids, request for qualifications, or any other request for purposes of entering into a contract.
- C. **"City official"** means an elected City officer or an agency board member, officer, employee, commissioner, or consultant who, because of the individual's service to an agency, is required to file a statement of economic interests pursuant to the Political Reform Act.
- D. **"Confidential information"** means information that, if it were contained in a document, would not be subject to disclosure under the state's Public Records Act.
- E. **"Contract"** means an agreement, lease, right of entry, franchise, or concession, including but not limited to an agreement for the performance of work, the rendition of service, or the provision of materials, equipment, or supplies to the City or the public, which is let, awarded, or entered into with or on behalf of an agency.
- F. **"Elected City officer"** means a person who is a City Council member, City Attorney, Controller, or Mayor, whether appointed or elected.
- G. **"Matter pending"** means a matter in which a non-ministerial action is required to proceed with or resolve the matter but has not yet been taken.
- H. **"Political activity"** means activity directed at the success or failure of any ballot measure or candidate for elective office in a future election and includes but

is not limited to: endorsing a candidate; engaging in fundraising; developing, displaying, or distributing campaign materials; conducting research; or posting comments on social media or other Internet sites.

- I. **"Political Reform Act"** means the California Political Reform Act of 1974 (California Government Code Sections 81000 et seq.) and the related regulations of the California Fair Political Practices Commission as amended from time to time.
- J. **"Restricted source"** means the following:
  - 1. For elected City officers, a restricted source is the following:
    - a. A person who files as a lobbying firm or lobbyist or is required to file as a lobbying firm or lobbyist, as defined in Section 48.02.
    - b. A person who has entered into, performs under, or seeks a contract with the City. This does not include the following:
      - i. An individual who has entered into or performs under an agreement with the City regarding employment; or
      - ii. A person who receives or pays for services normally rendered by the City to residents and businesses, such as sewer service, water and power service, or street maintenance.
    - c. A person who, during the prior 12 months, attempted to influence the elected City officer in any City action that would have a material financial effect on the person. This does not include an individual who attempted to influence action regarding that individual's own City compensation, benefits, or retirement.

- d. A person who is or in the prior 12 months was a party to a proceeding involving a license, permit, or other entitlement for use that was pending before the elected City officer, the City Council, or a board, commission, committee, or other similar body of which the elected City officer is a voting member.

other similar body of which the official is a voting member.

*History:*

*Amended by Ord. 167949, effective 7/5/92.  
 Amended by Ord. 168056, effective 8/8/92.  
 Amended by Ord. 170655, effective 9/21/95.  
 Amended by Ord. 172891, effective 12/11/99.  
 Amended by Ord. 173363, effective 7/29/00.  
 Amended by Ord. 176824, effective 8/27/05.  
 Amended by Ord. 182842, effective 2/10/14.*

- 2. For all other City officials, a restricted source is the following:

- a. A person who seeks to influence decisions of the City official's agency and files as a lobbying firm or lobbyist, or is required to file as a lobbying firm or lobbyist as defined in Section 48.02;

- b. A person who has entered into, performs under, or seeks a contract with the City official's agency. This does not include the following:

- i. An individual who has entered into or performs under an agreement with the City official's agency regarding employment; or
- ii. A person who receives or pays for services normally rendered by the City to residents and businesses, such as sewer service, water and power service, or street maintenance.

- c. A person who, during the prior 12 months, attempted to influence the official in any City action that would have a material financial effect on the person. This does not include an individual who attempted to influence action regarding that individual's own City compensation, benefits, or retirement.

- d. A person who is or in the prior 12 months was a party to a proceeding involving a license, permit, or other entitlement for use that was pending before the official or before a board, commission, committee, or

**SEC. 49.5.3. CONFIDENTIAL INFORMATION.**

A current or former City official or agency employee shall not misuse or disclose confidential information acquired as a result of City service.

*History:*

*Amended by Ord. 182842, effective 2/10/14.*

**SEC. 49.5.4. PROTECTION AGAINST RETALIATION.**

**A.** City officials and agency employees shall not use or threaten to use any official authority or influence to discourage, restrain, or interfere with another person's attempt to report possible violations of law to the Ethics Commission or another governmental entity.

**B.** City officials and agency employees shall not use or threaten to use any official authority or influence to effect any action as a reprisal against another person who reports a possible violation of law to the Ethics Commission or another governmental entity.

**C.** A person who believes that he or she has been subjected to an action prohibited by this Section may file a confidential complaint with the Ethics Commission.

**D.** The Ethics Commission may refer retaliation complaints to appropriate agencies for disciplinary purposes.

*History:*

*Amended by Ord. 168708, effective 5/13/93.  
 Amended by Ord. 182842, effective 2/10/14.*

**SEC. 49.5.5. MISUSE OF CITY POSITION OR RESOURCES.**

- A.** City officials, agency employees, appointees awaiting confirmation by the City Council, and candidates for elected City office shall not misuse or attempt to misuse their positions or prospective positions to create or attempt to create a private advantage or disadvantage, financial or otherwise, for any person.
- B.** City officials and agency employees shall not engage in political activity in the following scenarios:
  - 1. While on duty for the City.
  - 2. In any manner that implies the City official or agency employee is speaking on behalf of the City or communicating a City position. This may include but is not limited to engaging in political activity in the following scenarios:
    - a. While wearing a uniform or official City insignia; or
    - b. Using a City title or position.
  - 3. In a room or building that is owned by the City or primarily paid for or used by the City and occupied by a City official or agency employee in the discharge of City duties. This does not include a City room or building that is available to the public for organized campaign activities as long as the City official or agency employee does not use the room or building during the official's or employee's City working hours and does not use other City resources for the activity.
  - 4. Using City equipment, vehicle, supplies, or resources, including but not limited to mailing and distribution lists, electronic mail, and electronic data.
- C.** A person shall not induce or coerce or attempt to induce or coerce another

person to engage in activity prohibited by Subsections A or B.

- D.** This Section does not prohibit the use of City resources to provide information to the public about the possible effects of a bond issue or ballot measure relating to City activities, operations, or policies when the use of public resources is otherwise legally authorized.

*History:*

*Amended by Ord. 172891, effective 12/11/99.*

*Amended by Ord. 182842, effective 2/10/14.*

**SEC. 49.5.6. CONFLICTS OF INTERESTS.**

- A.** City officials shall not make, participate in making, or attempt to use their official positions to influence City decisions in which they know or have reason to know they have a financial interest.
- B.** In the first 12 months of City service, a City official or agency employee shall not knowingly make, participate in making, or attempt to use his or her official position to influence a City decision directly relating to a contract when a party to the contract is a person by whom the individual was employed in the 12 months immediately prior to entering City service.
- C.** Statements of City-Related Business.
  - 1. An elected City officer, a candidate for elected City office, a member of a City board or commission, a general manager or chief administrative officer of an agency, and an individual holding an appointive office named in the Charter shall file a statement of City-related business with the Ethics Commission within ten calendar days after a City action, other than a ministerial action, affects the individual's personal financial interests.
  - 2. For purposes of the statement, a City action affects an individual's personal financial interests if it involves one or more of the following held by, required of, or sought by the individual, the

individual's spouse or registered domestic partner, or a business entity in which either the individual or the individual's spouse or registered domestic partner holds an ownership interest of five percent or more:

- a. The sale of real or personal property; or
  - b. The performance of services pursuant to a contract; or
  - c. A grant, loan, or forgiveness or payment of indebtedness; or
  - d. An application for a license, certificate, permit, franchise, change of zone, variance, credential, or other benefit or relief.
3. The statement shall be in sufficient detail as to dates, amounts, identifying numbers or symbols, locations, and subject matter to make the action identifiable by reference to City records.
  4. The statement shall be filed under penalty of perjury in a method prescribed by the Ethics Commission.
  5. The statement shall satisfy the requirements of Section 304 of the City Election Code.

#### **D. Recusal Notification.**

1. A member of a City board or commission who is required to file a statement of economic interests pursuant to the Political Reform Act shall file a recusal notification form each time the member recuses himself or herself in relation to an actual or apparent conflict of interests.
  - a. The member shall file a copy of the completed form with the executive secretary for the commission or board (or the person acting in that capacity) as soon as possible after the

posting of the agenda containing the item involving the member's conflict of interests.

- b. The member shall file the original form, along with a copy of the meeting agenda containing the item involving the conflict of interests, with the Ethics Commission within 15 calendar days after the date of the meeting at which the recusal occurred.
  - c. The member shall file the form even if the member is not present at the meeting.
2. The form shall be filed under penalty of perjury in a method prescribed by the Ethics Commission and shall include, at a minimum, the following:
    - a. The member's name;
    - b. The name of the member's board or commission;
    - c. The date of the meeting at which the recusal occurred or would have occurred;
    - d. The agenda item number, a brief description of the matter, and a statement of whether the matter concerns the making of a contract; and
    - e. The specific interest causing the recusal and a statement of whether the interest is financial.

- E. Every agency shall make every effort to avoid hiring or appointing City officials who hold and are unwilling or unable to sell assets that would present significant and continuing conflicts of interests.

#### *History:*

*Amended by Ord. 167949, effective 7/5/92.  
Amended by Ord. 175344, effective 8/16/03.  
Amended by Ord. 177190, effective 1/23/06.  
Amended by Ord. 177853, effective 10/7/06.  
Amended by Ord. 182842, effective 2/10/14.*

**SEC. 49.5.7. HONORARIA AND OUTSIDE EMPLOYMENT.**

- A.** City officials and agency employees shall not engage in outside employment during any hours they are paid to engage in City business. A person shall not induce or coerce or attempt to induce or coerce a City official or agency employee to engage in such outside employment.
- B.** Elected City officers shall not receive any payment, including honoraria, for their services other than that provided for by City Charter Section 218. However, they may receive compensation for serving on governmental entities where payment is authorized for other governmental officers or employees serving in such capacity.
- C.** City officials, other than elected City officers and part-time board and commission members, shall not accept a payment for honoraria or other outside earned income or employment without prior written approval.
  - 1. Prior written approval must first be obtained from the general manager or chief administrative officer of the City official's department.
    - a. General managers, chief administrative officers, and members of the Board of Public Works must obtain prior written approval from their appointing authorities.
    - b. City Council staff members must obtain prior written approval from their City Council members.
    - c. A City official who does not have an appointing authority must obtain prior written approval from the Ethics Commission.
  - 2. If the general manager, chief administrative officer, or appointing authority approves the payment, the City official must determine whether the source is a restricted source for the City official. If the source is a

restricted source, the City official shall not accept the payment without also obtaining prior written approval from the Ethics Commission.

- 3. The approval required by Subdivisions 1 and 2 shall be denied if the general manager, chief administrative officer, appointing authority, or Ethics Commission determines that receipt of the payment would be inconsistent, incompatible, in conflict with, or inimical to the City official's official duties, functions, or responsibilities. Such a determination must be made if one or more of the following factors applies:
  - a. The payment or the services for which the payment would be received would involve any of the following:
    - i. The actual use of or the appearance of the use of public office, employment, time, facilities, equipment, or supplies for private gain;
    - ii. The City official's performance of an act that could later be subject to the control, inspection, review, audit, or enforcement of the City official's agency; or
    - iii. Such time demands that the City official's performance of official City duties would be rendered less efficient.
  - b. The City official would be accepting payment from a person other than the City official's agency for performing an act that the City official would be required or expected to render in the regular course of performing City duties.
  - c. The City official is in a position to make, participate in making, or influence a City decision that could foreseeably have a material

financial effect on the source of the payment.

4. A request for approval from the Ethics Commission shall be treated as a request for written advice under Charter Section 705(b).

*History:*

*Amended by Ord. 168056, effective 8/8/92.*

*Amended by Ord. 172942, effective 1/21/00.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.9).*

**SEC. 49.5.8. GIFTS.**

- A.** A person shall not offer or make and a City official shall not solicit or accept a gift when it is reasonably foreseeable that the City official could be influenced by the gift in the performance of an official act.
- B.** City officials shall comply with the gift requirements and restrictions in the Political Reform Act and California Constitution. When the Political Reform Act's gift provisions, other than gift limits, refer to a lobbying entity, the reference shall include a City lobbying firm and lobbyist.
- C.** In addition to the state requirements and restrictions identified in Subsection B, City officials shall also comply with the following gift restrictions for restricted sources.
  1. A City official shall not solicit a gift from a restricted source. A City official shall not accept a gift that exceeds the applicable gift limit from a restricted source.
  2. A person who is a restricted source to a City official shall not offer or make a gift that exceeds the applicable gift limit to that City official.
  3. A restricted source shall not act as an agent or intermediary in or arrange for the making of a gift by another person to a City official that exceeds the applicable gift limit.

4. The applicable gift limits are as follows:
  - a. For restricted sources identified in Section 49.5.2(J)(1)(a) or Section 49.5.2(J)(2)(a), the applicable gift limit is zero.
  - b. For all other restricted sources, the applicable gift limit is one-hundred dollars (\$100) per calendar year.
5. The applicable gift limits for restricted sources do not apply to the following:
  - a. Items received by a City official from a union representing that City official.
  - b. Food and beverages received by a City official from a union representing a bargaining unit of City officials.
  - c. Items received by a City official acting in an official City capacity from an organization to which the City, the City official, or the City official's agency belongs as a member.
  - d. Nominal and routine office courtesies received by a City official in a restricted source's place of business, as long as the courtesies are available to any person who visits that place of business.
  - e. Payments for travel and meals that are made by an organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, a bona fide educational institution as defined by Section 203 of the California Revenue and Taxation Code, or a governmental entity and where the payments are exempt from the gift limits in the Political Reform Act.
6. A City official has the duty to determine whether a person is a restricted source to him or her. A

person offering or making a gift to a City official has the duty to determine whether he or she is a restricted source to that City official.

a. For restricted sources identified in Sections 49.5.2(J)(1)(a) and 49.5.2(J)(2)(a), the following apply:

i. A City official may presume that a person is not a restricted source to him or her if the person is not identified in the electronic filing system for lobbying entities under Section 48.06(B) on the date the gift is offered or made, the City official has conducted a reasonable inquiry into whether the person is a restricted source between database updates, and the City official does not have personal knowledge that the person qualifies as a restricted source.

ii. The electronic filing system for lobbying entities is a reference for compliance and enforcement purposes for gifts offered or made as of the date the database was last updated.

b. For restricted sources identified in Sections 49.5.2(J)(1)(b) and 49.5.2(J)(2)(b), the following apply:

i. A City official may presume that a person is not a restricted source to him or her if the person is not identified in the database in Section 49.5.11(B) on the date the gift is offered or made, the City official has conducted a reasonable inquiry into whether the person is a restricted source between database updates, and the City official does not have personal knowledge that the person qualifies as a restricted source.

ii. The restricted source gift limit does not apply to sources that

are only identified in Section 49.5.2(J)(1)(b) or Section 49.5.2(J)(2)(b) until the Ethics Commission and the City Council initially certify that the database in Section 49.5.11(B) provides enough information for a City official to determine whether a person is a restricted source to him or her under Section 49.5.2(J)(1)(b) or 49.5.2(J)(2)(b).

iii. The database is a reference for compliance and enforcement purposes for gifts offered or made from the date the database is certified through the date the database was last updated.

c. For restricted sources identified in Sections 49.5.2(J)(1)(c), 49.5.2(J)(1)(d), 49.5.2(J)(2)(c), and 49.5.2(J)(2)(d), the following apply:

i. A City official may presume that a person is not a restricted source to him or her if the City official has conducted a reasonable inquiry into whether the person is a restricted source and does not have personal knowledge that the person qualifies as a restricted source.

ii. The Ethics Commission will not maintain a database.

d. A reasonable inquiry includes asking the source, asking a responsible employee in the relevant agency, and reviewing the City Clerk's council file management system.

**D.** A ticket or pass distributed by an agency to a City official in accordance with Chapter 5 of Los Angeles Administrative Code Division 24 is not a gift to the City official.

*History:*

*Amended by Ord. 168056, effective 8/8/92.*

*Amended by Ord. 178064, effective 1/15/07.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.10).*

*Amended by Ord. 183731, effective 8/4/15.*

**SEC. 49.5.9. DISCLOSURE OF ECONOMIC INTERESTS.**

**A.** A City official shall file a statement of economic interests pursuant to the Political Reform Act and this Section.

**B.** Whenever an elected City officer, a member of a City board or commission, or a general manager or chief administrative officer of an agency is required by the Political Reform Act to file a statement of economic interests, the individual also shall disclose financial interests associated with restricted sources.

1. The following financial interests shall be disclosed:

- a. Interests in real property that were leased from or to, co-owned by, purchased from, or sold to a restricted source by the City official or the City official's spouse, registered domestic partner, or dependent child.
- b. Investments that were co-owned by, purchased from, or sold to a restricted source by the City official or the City official's spouse, registered domestic partner, or dependent child.
- c. Income other than gifts that was valued at \$500 or more and was received from a restricted source by the City official or the City official's spouse, registered domestic partner, or dependent child.

d. Gifts cumulatively valued at \$50 or more and that were received from a restricted source by the City official or the City official's spouse, registered domestic partner, or dependent child.

e. Positions held on the board of a restricted source by the City official or the City official's spouse, registered domestic partner, or dependent child.

2. The disclosure shall be verified under penalty of perjury.

3. The disclosure shall be made in a method prescribed by the Ethics Commission and may include additional information the Ethics Commission deems necessary.

4. The disclosure shall be filed on the same schedule and for the same reporting period as the statement required by the Political Reform Act.

5. A City official is not required to disclose the name of a person who paid fees or made payments to the City official or to a business entity in which the City official or the City official's spouse or registered domestic partner holds an interest if the executive director determines that disclosing the person's name would violate a legally recognized privilege.

**C.** The Ethics Commission may, by regulation, require the disclosure of specific types of financial interests, in addition to those interests required to be disclosed pursuant to this Section, if it is reasonably foreseeable that the interest could be materially affected by the City official's exercise of official City duties.

*History:*

*Amended by Ord. 167949, effective 7/5/92.*

*Amended by Ord. 173101, effective 3/27/00.*

*Amended by Ord. 173138, effective 4/24/00.*

*Amended by Ord. 173870, effective 5/14/01.*

*Amended by Ord. 177190, effective 1/23/06.*

*Amended by Ord. 177853, effective 10/7/06.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.6(A-C)).*

**SEC. 49.5.10. DISCLOSURE BY NOMINEES.**

- A.** Each person nominated to a position in an agency subject to a conflict of interests code, where appointment is subject to confirmation by the City Council, shall file a financial disclosure statement with the Ethics Commission in the method prescribed by the Ethics Commission. The financial disclosure statement shall be filed within 21 days of the appointing authority's transmission of the nominee's appointment to the City Council.
- B.** Within five business days of receiving a complete financial disclosure statement from the appointee, the Ethics Commission staff shall forward a copy of the financial disclosure statement to the appointing authority and the City Council or its committee confirming the appointment.

*History:*

*Amended by Ord. 167949, effective 7/5/92.*

*Amended by Ord. 174613, effective 7/7/02.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.7).*

**SEC. 49.5.11. CONTRACTS GENERALLY.**

- A.** Except at a public meeting, a member of a City board or commission shall not participate in the development, review, evaluation, or negotiation of or the recommendation process for bids, proposals, or any other requests for the award or termination of a contract, amendment, or change order involving that board, commission, or agency. This does not preclude individual members from reviewing documents and other information provided by agency staff when preparing for a public meeting at which the matter will be considered.
- B.** The Ethics Commission shall provide an official, electronic City database for restricted sources that are identified in Sections 49.5.2(J)(1)(b) and 49.5.2(J)(2)(b).

- 1. Each agency shall submit to the Ethics Commission information regarding every person who, during the relevant time period, was a party to an agency contract, was a bidder on an agency contract, or responded to a request for proposals for an agency contract. Submitting the information to the City Clerk or to another City database shall not be deemed compliance with this Section.
- 2. Agency information must include the name of the person, the date the bid or response was submitted, the date the contract was entered into, any contract or proposal number, a brief description of the contract, and any other information deemed necessary by the Ethics Commission.
- 3. Agency information must be submitted in a method prescribed by the Ethics Commission by the following dates:
  - a. Every January 31, covering the immediately preceding October 1 through December 31;
  - b. Every April 30, covering the immediately preceding January 1 through March 31;
  - c. Every July 31, covering the immediately preceding April 1 through June 30; and
  - d. Every October 31, covering the immediately preceding July 1 through September 30.
- 4. For each agency, the Ethics Commission shall update the database within 45 days after a quarterly filing deadline that is specified in paragraph 3 or the date the agency submits complete quarterly information, whichever is later. The database shall include a disclaimer noting the date of the last update for each agency.
- 5. If an agency fails to submit complete quarterly information within five

business [days] after a quarterly filing deadline specified in paragraph 3, the Ethics Commission staff shall notify every elected City officer and the agency's general manager or chief administrative officer of the delinquency. Failure to comply within 10 business days of the date of the notice will subject the agency's general manager, chief administrative officer, or responsible elected City officer to liability under Section 49.5.17.

6. For purposes of this Subsection, a City Council district is a distinct agency.
7. The City shall provide the Ethics Commission with adequate staffing and funding to create, maintain, and update the database.

*History:*

*Amended by Ord. 176824, effective 8/27/05.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/140/14 (prev. 49.5.17).*

## **SEC. 49.5.12. CONTRACTS AND MONEY LAUNDERING VIOLATIONS.**

### **A. Competitively Bid Contracts.**

1. An awarding authority shall not award a contract to a bidder if it finds the following:
  - a. The Ethics Commission has found that the bidder violated City Charter Section 470(k) in the previous four years; and
  - b. The bidder lacks integrity such that it is unfit to perform the work specified in the contract. The awarding authority shall make that finding unless there are specific facts brought to its attention in writing that indicate otherwise.
2. If the findings in paragraph 1 are made, the awarding authority shall deem the bidder to be not responsible.

3. Prior to making a finding that a bidder is not responsible, the awarding authority shall do the following:
  - a. Notify the bidder of its intention to consider making the finding.
  - b. Offer the bidder an opportunity to present evidence and argue that, despite the violation, the awarding authority should not have reason to question the bidder's integrity and fitness to perform the contract.
  - c. Hold an informal hearing at which the bidder and other interested parties may make presentations.
  - d. Consider the presentations of the bidder and other interested parties and be satisfied that the finding is merited.

**B. Contracts Awarded on a Basis Other Than Competitive Bidding.** The awarding authority shall not approve a contract with a party who has been found by the Ethics Commission to have violated City Charter Section 470(k) within the previous four years.

**C. Fee Waivers.** A discretionary fee waiver of more than \$1,000 shall not be granted for a person who has been found by the Ethics Commission to have violated City Charter Section 470(k) within the previous four years.

### **D. Notice of Violations.**

1. The Ethics Commission shall provide a copy of every Commission enforcement decision relating to a violation of City Charter Section 470(k) to the general manager or other head of each agency.
2. A person who submits a bid or proposal or requests a fee waiver shall include with the submission or request a copy of the Ethics Commission's decision of violation.

3. A report that contains sufficient information to allow a decision-making body to comply with this Section shall be submitted to the decision-making body by the following:
  - a. By the City Clerk, when the City Council is the decision-making body.
  - b. By agency staff when a City board or commission is the decision-making body.

**E. Reduction of Time Period.** The Ethics Commission may reduce the time during which this Section applies to not less than one year if it finds that the contracting party has done either of the following:

1. Accepted responsibility for the violation by entering into a stipulation with the Ethics Commission in which the party admits the violation or otherwise exhibits evidence of having accepted responsibility; or
2. Mitigated the wrongdoing by taking prompt remedial or corrective action.

**F. Waiver of Provisions.** The City Council may waive any or all of the requirements in this Section if it finds that an overriding public policy consideration justifies doing so.

1. The finding must be approved in writing by a two-thirds vote of the City Council's entire membership.
2. The finding must identify the nature of the overriding public policy consideration and the reason why that consideration justifies the waiver. A waiver is justified if it would result in a significant community or financial benefit to the City or if it is necessary to preserve the health, safety, or welfare of the public.

**G. Exception.** This Section, excluding Subsection D(1), does not apply to the following proprietary City departments: Airports, City Employees Retirement System, Harbor, Library, Pensions, Recreation and Parks, and Water and Power.

*History:*

*Added by Ord. 171142, effective 8/3/96.*

*Amended by Ord. 172942, effective 1/21/00.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.21).*

**SEC. 49.5.13. LOBBYING ACTIVITIES OF CURRENT AND FORMER CITY OFFICIALS.**

**A.** A member of a City board or commission who is required to file statements of economic interests pursuant to the Political Reform Act shall not receive compensation to communicate, either personally or through an agent, with a City official for the purpose of attempting to influence action on a City matter on behalf of a person other than an agency. This Subsection does not prohibit a member of a City board or commission from appearing before an agency in the same manner as any other member of the general public solely to represent himself or herself in a matter related to his or her personal interests.

**B.** A former City official or agency employee who personally and substantially participated in a specific matter during City service shall not receive compensation to attempt to influence City action on that matter, either personally or through an agent, on behalf of a person other than an agency. Personal and substantial participation includes but is not limited to making or voting on a decision or making a recommendation, rendering advice, and conducting research or an investigation.

1. A former City official or agency employee shall not receive compensation to counsel or assist a person other than an agency regarding activity that is prohibited for the former City official or agency employee pursuant to this Subsection.
2. This prohibition applies as long as the matter is still pending before an agency or an agency is a party to the matter.
3. This prohibition does not apply when the former City official or agency employee participated in the matter in solely a ministerial capacity.

**C.** The following time-based restrictions on lobbying activities apply to former City officials.

1. For one year after leaving City service, a City official shall not receive compensation to attempt to influence, either personally or through an agent, City action on any matter pending before any agency on behalf of a person other than an agency if, during the 24 months preceding the official's departure from City service, the official held any of the following positions: elected City officer; Board of Public Works Commissioner; General Manager; Chief Administrative Officer; Mayor's Chief of Staff; Deputy Mayor; Mayoral Aide VII; Mayoral Aide VIII; Executive Assistant City Attorney; Chief Assistant City Attorney; Senior Assistant City Attorney; City Attorney Exempt Employee; Chief Deputy Controller; Administrative Deputy Controller; Principal Deputy Controller; Council Aide VI; or Council Aide VII.

2. For one year after leaving City service, all other former City officials shall not receive compensation to attempt to influence, either personally or through an agent, City action on any matter pending before an agency in which the City official served during the 24 months preceding the official's departure from City service on behalf of a person other than an agency. Serving an agency means being directly employed by or being assigned or on loan to that agency.

**D.** This Section does not apply to the following:

1. Attempts to influence solely ministerial action on City matters.
2. Attempts to influence made by former City officials who are officers or employees of a governmental entity and are solely representing that entity in an official capacity.

**E.** By July 31 of every year, the City Controller shall submit to the Ethics Commission the names of each individual who held a position identified in Subsection (C)(1) during the preceding 24 months. By July 31 of every year, the City Clerk shall submit to the Ethics Commission the names of each individual who held a City Attorney Exempt position as provided in City Charter Section 1050(d) during the preceding 24 months.

**F.** Upon the petition of an interested party, a court or presiding officer in a judicial, quasi-judicial, or other proceeding may exclude a person found to be in violation of this Section from further participating in or assisting another participant in a proceeding pending before that court or presiding officer. Notice and an opportunity to be heard must be provided.

*History:*

*Amended by Ord. 168057, effective 8/8/92.*

*Amended by Ord. 172891, effective 12/11/99.*

*Amended by Ord. 176823, effective 8/27/05.*

*Amended by Ord. 178064, effective 1/15/07.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.11).*

#### **SEC. 49.5.14. FUTURE EMPLOYMENT.**

**A.** The following limits on future employment apply to City officials.

1. The Mayor, the City Attorney, the City Controller, a general manager, and a chief administrative officer shall not directly or indirectly, knowingly or willfully negotiate the possibility of future employment or business opportunities with a person other than a governmental entity if the person has a matter that is currently pending before that City official or the City official's agency.
2. A member of the City Council, a City board or commission, or another voting body of an agency who is required to file statements of economic interests pursuant to the Political Reform Act shall not directly or indirectly, knowingly or willfully negotiate the possibility of future employment or business opportunities with a person other than a governmental entity if the person has a matter that is currently pending before that City official or a body of which the City official is a voting member.
3. A City official other than one identified in Subsection 1 or 2 above shall not directly or indirectly, knowingly or willfully negotiate the possibility of future employment or business opportunities with a person other than a governmental entity if the person has a matter that is currently pending before that City official.
4. City officials shall not make, participate in making, or use their official City positions to influence a decision involving the interests of a person with whom they have an agreement concerning future employment or business opportunities.

**B.** A person who has a matter pending before a City official or a body of which the City official is a voting member shall not directly or indirectly, knowingly or willfully negotiate the possibility of future employment of or business opportunities for that City official.

**C.** A person has a matter pending if the person is a party to or is compensated to represent a party to the matter.

*History:*

*Amended by Ord. 168057, effective 8/8/92.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.12).*

#### **SEC. 49.5.15. ETHICS AND FRAUD AWARENESS TRAINING.**

**A. Ethics Training.** All City officials are required to complete ethics training at the time of entering City service and once every two years thereafter. The training shall be developed by the Ethics Commission, in partnership with the Office of the City Attorney, and shall be structured to ensure that participants have knowledge to comply with all of the relevant ethics laws governing their service to the City.

**B. Fraud Awareness Training.** All full-time City employees are required to complete on-line training for fraud awareness at the time of entering City service and once every two years thereafter. The training shall be developed by the City Controller's Fraud, Waste and Abuse Unit and provided by the Personnel Department as described in the Los Angeles Administrative Code.

*History:*

*Repealed by Ord. 172891, effective 12/11/99.*

*Added by Ord. 178064, effective 01/15/07.*

*Amended by Ord. 182478, effective 04/17/13.*

*Amended by Ord. 182842, effective 2/10/14.*

*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.18).*

## **SEC. 49.5.16. ENFORCEMENT.**

### **A. Criminal Enforcement.**

1. A person who does any of the following is guilty of a misdemeanor:
  - a. Knowingly or willfully violates a provision of this Article;
  - b. Knowingly or willfully causes another person to violate a provision of this Article; or
  - c. Aids and abets another person in violating a provision of this Article.
2. Prosecution shall be commenced within four years after the date of the violation.
3. A person convicted of a misdemeanor under this Article shall not act as a City lobbyist or contractor for four years following the date of the conviction, unless the court at the time of sentencing specifically determines that this provision shall not be applied.
4. For the purposes of this Section, a plea of nolo contendere shall be deemed a conviction.

### **B. Civil Actions.**

1. A person who intentionally or negligently violates a provision of this Article shall be liable in a civil action brought by the City Attorney, the Ethics Commission, or a person residing within the City for an amount not more than the greater of \$5,000 per violation or three times the amount the person failed to report, properly or unlawfully contributed, expended, gave, or received.
2. If two or more persons are responsible for any violation, they shall be jointly and severally liable.

3. A person other than the City Attorney, before filing a civil action pursuant to this Subsection, shall first file with the Ethics Commission a written request for the Ethics Commission to commence the action. The request shall contain a statement of the grounds for believing a cause of action exists. The Ethics Commission shall respond within 40 days after receipt of the request, indicating whether it intends to file a civil action. If the Ethics Commission indicates in the affirmative and files an action within 40 days thereafter, no other action may be brought unless the action brought by the Ethics Commission is dismissed without prejudice.
4. In determining the amount of liability, 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 percent of the amount recovered. The remaining 50 percent shall be deposited into the City's General Fund. In an action brought by the City Attorney or the Ethics Commission, the entire amount shall be paid to the General Fund.
5. An action alleging a violation of this article may not be filed more than four years after the date the violation occurred.
6. The court may award to a party other than an agency who prevails in a civil action that party's costs of litigation, including reasonable attorney fees. If the costs are awarded against the City, the payment of the award is the responsibility of the City, subject to City Council approval.

- C. Injunctive Relief.** A person residing within the City, including the City Attorney, may sue for injunctive relief to enjoin violations of or to compel compliance with this Article.

**D. Administrative Penalties.** The Commission may impose penalties and issue orders for violations of this Article pursuant to its authority under Charter Section 706(c).

**E. Discipline.** An appointed City official or agency employee who violates a provision of this Article shall be subject to administrative discipline by his or her appointing authority. Such discipline shall be administered in accordance with procedures prescribed by law or established by City policy. The Commission shall notify an agency when one of its City officials or employees is found to be in violation of this Article.

**F. Other Governmental Entities.** If a governmental entity that is required to adopt a conflict of interests code subject to City Council approval but is not otherwise within the City's control adopts governmental ethics regulations governing the conduct of its current or former officers or employees, violations of those regulations are subject to civil and administrative enforcement and discipline under Subsections B through E.

*History:*  
*Amended by Ord. 168229, effective 10/11/92.*  
*Amended by Ord. 170538, effective 7/13/95.*  
*Amended by Ord. 172942, effective 1/21/00.*  
*Amended by Ord. 175877, effective 5/5/04.*  
*Amended by Ord. 182842, effective 2/10/14.*  
*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.19).*

#### **SEC. 49.5.17. LATE FILING PENALTIES.**

In addition to any other penalties, a person who files an original statement or report after a deadline imposed by this Article is liable to the Ethics Commission in the amount of \$25 per day after the deadline until the statement or report is filed, up to a maximum of \$500. Liability need not be enforced by the Ethics Commission if its executive officer determines that the late filing was not willful and that enforcement of the liability will not further the purposes of the Article. Liability may not be waived if a statement or report is not filed within 30 days after receiving notice from the Ethics Commission staff that the statement or report is past due.

*History:*  
*Amended by Ord. 168229, effective 10/11/92.*  
*Amended by Ord. 170538, effective 7/13/95.*  
*Amended by Ord. 182842, effective 2/10/14.*  
*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.20).*

#### **SEC. 49.5.18. AUTHORITY TO ENACT.**

This article is enacted pursuant to and under the authority of the City Charter, California Government Code Sections 1125 *et seq.*, California Government Code Section 81013, and California Constitution, Article XI, Section 5.

*History:*  
*Renumbered by Ord. 171142, effective 8/3/96 (prev. 49.5.21).*  
*Amended by Ord. 182842, effective 2/10/14.*  
*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.22).*

#### **SEC. 49.5.19. RECORDKEEPING.**

Persons subject to this Article shall keep records that demonstrate compliance with this Article and the related provisions of the Political Reform Act and the City Charter for four years.

*History:*  
*Added by Ord. 182842, effective 2/10/14.*

#### **SEC. 49.5.20. SEVERABILITY.**

The provisions of this Article are severable. If any provision of this Article or its application to any person or circumstances is held invalid by a court, the remainder of this Article and the application of the provision to other persons or circumstances is not affected by that determination, to the extent that the provision or its application can be given effect.

*History:*  
*Renumbered by Ord. 171142, effective 8/3/96 (prev. 49.5.23).*  
*Amended by Ord. 182842, effective 2/10/14.*  
*Renumbered by Ord. 182842, effective 2/10/14 (prev. 49.5.24).*

**APPENDIX 7**

Municipal Lobbying Ordinance  
*LAMC §§ 48.01 et seq.*

# Municipal Lobbying Ordinance

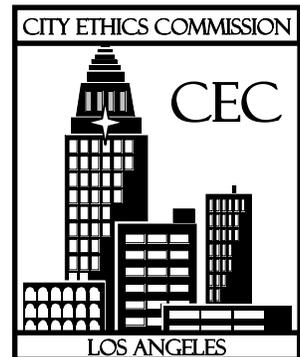
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◆◆◆ Los Angeles Municipal Code §§ 48.01 *et seq.*

*Effective January 30, 2013*

Prepared by



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**Los Angeles Municipal Lobbying Ordinance  
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## Municipal Lobbying Ordinance

Los Angeles Municipal Code Chapter IV, Article 8

Repealed and Re-added by Ordinance No. 169916, effective 8/10/94.

### SEC. 48.01. Title and Findings

- A. **Title.** This Article shall be known and may be cited as the Los Angeles Municipal Lobbying Ordinance.
- B. **Findings.** The following findings are adopted in conjunction with the enactment of this Article:
1. City Government functions to serve the needs of all citizens.
  2. The citizens of the City of Los Angeles have a right to know the identity of interests which attempt to influence decisions of City government, as well as the means employed by those interests.
  3. All persons engaged in compensated lobbying activities aimed at influencing decisions by City government must, when so engaged, be subject to the same regulations, restrictions and requirements, regardless of their background, training or other professional qualifications or license.
  4. Complete public disclosure of the full range of activities by and financing of lobbyists and those who employ their services is essential to the maintenance of citizen confidence in the integrity of local government.
  5. It is in the public interest to ensure that lobbyists do not misrepresent facts, their positions, or attempt to

deceive officials through false communications, do not place City officials under personal obligation to themselves or their clients, and do not represent that they can control the actions of City officials.

6. It is in the public interest to adopt these amendments to the City's regulations of lobbyists to ensure adequate and effective disclosure of information about efforts to lobby City government.

*History:*

*Amended by Ord. No. 169916, effective 8/10/94.*

### SEC. 48.02. Definitions

The following terms used in this Article shall have the meanings set forth below. Other terms used in this Article shall have the meanings set forth in the California Political Reform Act of 1974, as amended, and in the regulations of the California Fair Political Practices Commission, as amended, if defined therein.

**"Activity expense"** means any payment, including any gift, made to or directly benefiting any City official or member of his or her immediate family, made by a lobbyist, lobbying firm, or lobbyist employer.

**"Agency"** means the City of Los Angeles or any department, bureau, office, board, commission, other agency of the City, or any other government agency, required to adopt a conflict of interest code subject

to City Council approval, and includes the City's Community Redevelopment Agency and the Los Angeles City Housing Authority.

**"At the behest"** means under the control of, at the direction of, in cooperation, consultation, coordination, or concert with, at the request or suggestion of, or with the express prior consent of any elective City officer or candidate for elective City office. A donation to a religious, charitable, or other nonprofit organization is not made at the behest of an elective City officer or candidate if the donation is solicited through a newspaper publication, through radio, television, or other mass media, or through a suggestion made to the entire audience at a public gathering. A donation to a religious, charitable, or other nonprofit organization is not made at the behest of an elective City officer or candidate solely because the name of the officer or candidate is listed with other names on written materials used to request donations or the officer or candidate makes a speech to the entire audience or is honored and given an award at an event sponsored by the organization.

**"Attempting to influence"** means promoting, supporting, opposing or seeking to modify or delay any action on municipal legislation by any means, including but not limited to providing or using persuasion, information, statistics, analyses or studies. A person attempts to influence municipal legislation when he or she engages in lobbying activities for the purpose of influencing a decision.

**"City official"** means any elective or appointed City officer, member, employee or consultant (who qualifies as a public official within the meaning of the Political Reform Act) of any agency, who,

as part of his or her official duties, participates in the consideration of any municipal legislation other than in a purely clerical, secretarial or ministerial capacity.

**"Client"** means both

- (1) the person who compensates a lobbyist or lobbying firm for the purpose of attempting to influence municipal legislation and
- (2) the person on whose behalf a lobbyist or lobbying firm attempts to influence such municipal legislation, even if the lobbyist or lobbying firm is compensated by another person for such representation.

However, if a lobbyist or lobbying firm represents a membership organization and individual members of that organization, an individual member is not a client solely because the member is individually represented by the lobbyist or lobbying firm unless the member makes a payment for such representation in addition to usual membership fees.

**"Compensated services"** means services for which compensation was paid during a reporting period or for which the lobbyist or lobbying firm became entitled to compensation during that period.

**"Controlled committee"** means any committee controlled by an elective City officer or candidate for any elective City office, including any campaign, officeholder, legal defense fund, or ballot measure committee.

**"Direct communication"** means appearing as a witness before, talking to (either by telephone or in person),

corresponding with, or answering questions or inquiries from, any City official or employee, either personally or through an agent who acts under one's direct supervision, control or direction.

**"Donation"** means a payment for which full and adequate consideration is not received.

**"Elective city officer"** means the Mayor, City Attorney, Controller and Member of the City Council.

**"Elective officer"** means any person who is a City Council Member, City Attorney, Controller or Mayor, whether appointed or elected.

**"Fundraiser"** means an individual who receives compensation to engage in fundraising activity as defined in this section.

**"Fundraising activity"** means soliciting a contribution or hosting or sponsoring a fundraising event or hiring a fundraiser or contractor to conduct any event designed primarily for political fundraising at which contributions for an elective City officer, candidate for elective City office, or any of his or her controlled committees are solicited, delivered or made.

**"Host or sponsor"** means to provide the use of a home or business to hold a political fundraising event without charging market value for the use of that location; to ask more than 25 persons to attend the event; to pay for at least a majority of the costs of the event; or to provide the candidate, campaign, committee and/or fundraiser more than 25 names to be used for invitations to the event.

**"Lobbying activities"** includes the following and similar compensated conduct when that conduct is related to a direct communication to influence any municipal legislation:

- (1) engaging in, either personally or through an agent, written or oral direct communication with a City official;
- (2) drafting ordinances, resolutions or regulations;
- (3) providing advice or recommending strategy to a client or others;
- (4) research, investigation and information gathering;
- (5) seeking to influence the position of a third party on municipal legislation or an issue related to municipal legislation by any means, including but not limited to engaging in community, public or press relations activities; and
- (6) attending or monitoring City meetings, hearings or other events.

**"Lobbying entity"** means a lobbyist, lobbying firm or lobbyist employer, as defined in this article.

**"Lobbying firm"** means any entity, including an individual lobbyist, which receives or becomes entitled to receive \$1,000 or more in monetary or in-kind compensation for engaging in lobbying activities (either personally or through its agents) during any consecutive three-month period, for the purpose of attempting to influence municipal legislation on behalf of any other person, provided any partner, owner,

shareholder, officer or employee of the entity qualifies as a lobbyist. Compensation does not include reimbursement of or payment for reasonable travel expenses. An entity receives compensation within the meaning of this definition whether or not the compensation is received solely for activities regulated by this article or is received for other activities as well; however, only that portion of compensation received for the lobbying activities shall count toward the qualification threshold. An entity **"becomes entitled to receive compensation"** when the entity agrees to provide services regulated by this Article, or performs those services, whether or not payment is contingent on the accomplishment of the client's purposes.

**"Lobbyist"** means any individual who is compensated to spend 30 or more hours in any consecutive three-month period engaged in lobbying activities which include at least one direct communication with a City official or employee, conducted either personally or through agents, for the purpose of attempting to influence municipal legislation on behalf of any other person.

Compensation does not include reimbursement of or payment for reasonable travel expenses. A person receives compensation within the meaning of this definition whether or not the compensation is received solely for activities regulated by this Article or is received for both lobbying activities and other activities as well. However, only the compensation for the lobbying activities shall be calculated to determine whether an individual qualifies as a lobbyist. An individual **"becomes entitled to receive**

**compensation"** when the individual or the entity in which the individual is an employee, partner, owner, shareholder or officer, agrees to provide services regulated by this Article, or performs those services, regardless of whether payment is contingent on the accomplishment of the client's purposes. A lobbyist includes a person who owns an investment in a business entity if that person attempts to influence municipal legislation on behalf of the business entity and if the person acquires the investment as compensation for his or her lobbying services or in contemplation of performing those services.

**"Lobbyist employer"** means an entity, other than a lobbying firm, that employs a lobbyist in-house to lobby on its behalf.

**"Major filer"** means any person who makes payments or incurs expenditures totaling \$5,000 or more during any calendar quarter for public relations, media relations, advertising, public outreach, research, investigation, reports, analyses, studies, or similar activities, for the purpose of attempting to influence action on any proposed or pending matter of municipal legislation, if these payments or expenditures are not required to be reported on a lobbyist or lobbying firm quarterly report. A **"major filer"** does not include a lobbyist, lobbyist employer, or lobbying firm. Expenditures and payments for regularly published newsletters or other routine communications between an organization and its members shall not be counted for the purpose of this definition.

**"Municipal legislation"** means any legislative or administrative matter proposed or pending before any agency (as defined in this Article), including but

not limited to those involving the granting, denial, revocation, restriction or modification of a license, permit or entitlement for use (including all land use permits) if the Mayor, the City Council, any of its committees, any agency board, commission, committee, or general manager, or any agency officer or employee charged by law with holding a hearing and making a decision, is charged by law with making a final decision on the matter. However, "**municipal legislation**" does not include any of the following:

- (1) A request for advice or for an interpretation of laws, regulations, City approvals or policies, or a direct response to an enforcement proceeding with the City Ethics Commission.
- (2) Any ministerial action. An action is ministerial if it does not require the City official or employees involved to exercise discretion concerning any outcome or course of action.
- (3) Any action relating to the establishment, amendment, administration, implementation or interpretation of a collective bargaining agreement or memorandum of understanding between an agency and a recognized employee organization, or a proceeding before the Civil Service Commission or the Employee Relations Board. Further, it does not include management decisions as to the working conditions of represented employees that clearly relate to the terms of such collective bargaining agreement or memorandum of understanding. Nevertheless,

"**municipal legislation**" does include any action relating to collective bargaining taken by the City Council, any of its committees or members (including the staffs of such members), or by the Mayor or his or her office.

- (4) Preparation or compilation of any radius map, vicinity map, plot plan, site plan, property owners or tenants list, abutting property owners list, photographs of property, proof of ownership or copy of lease, or neighbor signatures required to be submitted to the City Planning Department.

"**Person**" means any individual, business entity, trust corporation association, committee, or any other organization or group of persons acting in concert.

"**Solicit**" means to ask, personally or through an agent, that another person make a contribution to an elective City officer or candidate for City office, or to his or her controlled committee, including allowing one's signature to be used on a written request for funds. For purposes of this article, a lobbying entity solicits a contribution only when the lobbying entity does so

- (1) at the behest of the elective City officer or candidate for elective City office, or his or her campaign treasurer, campaign manager, or member of his or her fundraising committee, or
- (2) if the lobbying entity has informed the candidate or officer that the person is soliciting the contributions.

A person does not solicit, however, by making a request for funds publicly to at least a majority of persons who attend

any public gathering, or by making a request that appears published in a newspaper, on radio or television.

*History:*

*Amended by Ord. No. 169916, effective 8/10/94.*

*Amended by Ord. No. 172479, effective 4/10/99.*

*Amended by Ord. No. 175432, effective 9/28/03.*

*Amended by Ord. No. 178064, effective 1/15/07.*

*Amended by Ord. No. 178356, effective 3/12/07.*

### **SEC. 48.03. Exemptions**

The following persons are exempt from the requirements of this Article:

- A. Any public official acting in his or her official capacity, and any government employee acting within the scope of his or her employment.
- B. A newspaper or other regularly published periodical, radio or television station or network, including any individual who owns, publishes or is employed by such newspaper, periodical or station or network, when, in the ordinary course of its business, it publishes or broadcasts news, editorials or other comments, or paid advertising, which directly or indirectly attempts to influence action on municipal legislation. This exemption does not apply to any other action by any such newspaper, periodical, station or network, or by any such person, to attempt to influence municipal legislation, if such activity otherwise regulated by this Article.
- C. A person acting without any compensation or consideration other than reimbursement or payment of reasonable travel expenses.
- D. Any person whose only activity is submitting a bid on a competitively bid

contract, submitting a written response to or participating in an oral interview for a request for proposals or qualifications, or negotiating the terms of a written agreement with any City agency if selected pursuant to that bid or request for proposals or qualifications. Except with regard to persons covered by subsections E and F, this exemption shall not apply to any person who attempts to influence the action of the Mayor or Mayor's staff, any member of the City Council or their staffs, or any board or commission member with regard to any such contract.

- E. Any organization exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, which receives funding from any federal, state or local government agency for the purpose of representing the interests of indigent persons and whose primary purpose is to provide direct services to those persons, if the individual or individuals represented by the organization before any City agency provide no payment to the organization for that representation. This exemption shall not apply to direct contracts with a City official in other than a publicly noticed meeting, for the purpose of attempting to influence a City decision with regard to any City funding which the organization is seeking.
- F. Any person employed by an organization described in Subsection E with respect to his or her activities as an employee of the organization.

*History:*

*Amended by Ord. No. 169916, effective 8/10/94.*

**SEC. 48.04 Prohibitions**

No lobbyist or lobbying firm subject to the requirements of this Article shall:

- A. Do any act with the purpose and intent of placing any City official under personal obligation to the lobbyist, the lobbying firm, or to the lobbyist's or firm's employer or client.
- B. Fraudulently deceive or attempt to deceive any City official with regard to any material fact pertinent to any pending or proposed municipal legislation.
- C. Cause or influence the introduction of any municipal legislation for the purpose of thereafter being employed or retained to secure its passage or defeat.
- D. Cause any communication to be sent to any City official in the name of any nonexistent person or in the name of any existing person without the consent of such person.
- E. Make or arrange for any payment to a City official, or act as an agent or intermediary in making any such payment by any other person, if the arrangement or the payment would violate any provision of the City's Governmental Ethics Ordinance (Los Angeles Municipal Code Section 49.5.1, et seq.)

*History:  
Amended by Ord. No. 169916, effective 8/10/94.*

**SEC. 48.05. Record Keeping Responsibilities**

- A. Lobbying entities and major filers shall prepare and retain detailed records (including all books, papers and other documents) needed to comply with the requirements of this Article. Treasurers and fundraisers for elective City officeholders and City candidates, or for any elective City officer's or City candidate's controlled committees shall prepare and retain detailed contribution activity records for any contributions received as a result of fundraising activity engaged in by a lobbyist, lobbying firm or lobbyist employer, as defined by this article. These records shall be retained for not less than four years.
- B. If a lobbying entity engages in fundraising activities as defined in Section 48.02 of this Code at the behest of a candidate or officeholder running for elective City office, the lobbying entity shall maintain records detailing any contributions that they know or have reason to know resulted from the fundraising activities.
- C. If an officeholder or a candidate running for elective City office contracts with a lobbying entity to engage in fundraising activity as described in Section 48.02 of this Code, the committee treasurer and fundraiser shall maintain records detailing any contributions that they know or have reason to know resulted from the fundraising activities. The treasurer and fundraiser shall make the records available to the lobbying entity upon request of the lobbying entity.

- D. If a lobbying entity delivers or sends written communications to a certified neighborhood council in an attempt to influence municipal legislation as described in Section 48.08.8 of this Article, the lobbying entity shall prepare and maintain detailed records of these written communications for not less than four years.

*History:*  
*Amended by Ord. No. 175432, effective 9/28/03.*

### **SEC. 48.06. Filing Methods**

- A. All registrations, reports, and other filings required by this Article must be submitted under penalty of perjury by the person who is required to file and must be filed in a format prescribed by the Ethics Commission. The Ethics Commission must provide public access to all filings.
- B. Lobbying entities and persons who qualify as lobbying entities must file registrations, quarterly reports, terminations and amendments to those filings electronically.
- C. If an electronic filing is required, the Ethics Commission must provide a unique identifier to the person who is required to file, to be used in place of a physical signature for submitting and verifying data under penalty of perjury. All electronic filings are presumed to be filed under penalty of perjury by the person required to file.
- D. If a paper filing is required, it must contain the physical signature of the person who is required to file. A document is considered filed on the earlier of the date of receipt by the Ethics Commission or the date of the

postmark if it is mailed and bears the correct address and postage.

*History:*  
*Amended by Ord. No. 177105, effective 12/18/05.*  
*Amended by Ord. No. 182360, effective 1/30/13.*

### **SEC. 48.07. Registration**

- A. **Requirement.** An individual who qualifies as a lobbyist shall register with the City Ethics Commission within 10 days after the end of the calendar month in which the individual qualifies as a lobbyist. A person, including an individual lobbyist, shall register with the City Ethics Commission as a lobbying firm within 10 days after the end of the calendar month in which a partner, owner, shareholder, officer or employee qualifies as a lobbyist. If a person is not registered as a lobbyist or lobbying firm, but is performing acts which would require that person to so register, that person may continue to act as a lobbyist or lobbying firm so long as the person registers with the City Ethics Commission within 10 days after the person knew or should have known of the obligation to register. A lobbyist or lobbying firm shall register each client on whose behalf or from which the lobbyist or lobbying firm receives or becomes entitled to receive \$250 or more in a calendar quarter for engaging in lobbying activities related to attempting to influence municipal legislation.
- B. **Duration of Status.** A person who registers as a lobbyist or lobbying firm shall retain that status through December 31 of that year unless and until that person terminates the status as set forth below.

**C. Registration Fees.** Every lobbyist shall pay an annual registration fee of \$450 plus \$75 for each client on whose behalf or from which the lobbyist receives or becomes entitled to receive \$250 or more in a calendar quarter. Persons who initially register during the last quarter of a calendar year (October through December) shall pay prorated registration fees of \$337 for each lobbyist plus \$56 for each client.

**D. Contents of Registration Statements — Lobbyists.**

Registration statements of lobbyists shall contain the following:

1. The lobbyist's name, business address, business email, and business telephone number.
2. The lobbying firm, if any, of which the lobbyist is an employee, partner, officer or owner.
3. If the lobbyist is not an employee, partner, officer or owner of a lobbying firm, the name, address and telephone number of the lobbyist's employer.
4. Each City agency that the lobbyist has the authority to attempt to influence on behalf of any client or employer.
5. A statement that the lobbyist has reviewed and understands the requirements of this Article.
6. Any other information required by regulation of the City Ethics Commission, consistent with the purposes and provisions of this Article.

**E. Contents of Registration Statements — Lobbying Firms**

Registration statements of lobbying firms (including individual contract lobbyists) shall contain the following:

1. The name, address, email, and telephone number of the firm.
2. The name of each lobbyist who is a partner, owner, shareholder, officer or employee of the firm.
3. For each client on whose behalf or from which the firm received or became entitled to receive \$250 in compensation during the calendar quarter for engaging in lobbying activities related to attempting to influence municipal legislation within the meaning of this Article:
  - (a) The client's name, business or residence address, and business or residence telephone number.
  - (b) The period during which the representation will occur.
  - (c) The item or items of municipal legislation for which the firm was retained to represent the client, or, if no specific items of municipal legislation for which the firm was retained to represent the client can be identified, a description of the types of municipal legislation for which the firm was retained to represent the client.
  - (d) Each City agency that the lobbying firm has the authority to attempt to influence on behalf of the client.
  - (e) In the case of a lobbyist who is an individual contract lobbyist, a

statement that he or she has reviewed and understands the requirements of this Article.

- (f) The name, address, email, and telephone number of the person responsible for preparing the statement.
- (g) Any other information required by regulation of the City Ethics Commission, consistent with the purposes and provisions of this Article.

**F. Amendments to Registrations.**

Lobbyists and lobbying firms shall file amendments to their registration statements within 10 days of any change in information required to be set forth on the registration statement.

**G. Termination.** Any person registered under this Article shall file a termination statement with the City Ethics Commission within 20 days after ceasing all activity governed by this Article.

**H. Education Requirement.** Every individual who is required to register as a lobbyist shall attend a City lobbying information session conducted by the City Ethics Commission no less than once every two calendar years, according to the following schedule:

- (1) An individual who has not registered as a lobbyist in the immediately preceding two calendar years shall attend a City lobbying information session within six months of his or her registration date as a lobbyist.
- (2) A registered lobbyist who did not attend a City lobbying information session during the previous

calendar year shall attend a City lobbying session by the end of the current calendar year.

- (3) A registered lobbyist who attends a City lobbying information session during the current calendar year is not required to attend a City lobbying information session during the following calendar year.

*History:  
Amended by Ord. No. 172479, effective 4/10/99.  
Amended by Ord. No. 175028, effective 2/5/03.  
Amended by Ord. No. 182360, effective 1/30/13.*

**SEC. 48.08. Disclosure Reports**

**A. Reporting Requirement.** Every lobbyist, lobbying firm, lobbyist employer and major filer shall file the quarterly disclosure reports required by this Section on or before the last day of the month following each calendar quarter.

- 1. All lobbyists and lobbying firms shall file quarterly reports for every calendar quarter during which they retain that status. An individual who qualifies both as a lobbyist and lobbying firm shall file only a lobbying firm quarterly report. Lobbyist employers shall file quarterly reports for every calendar quarter during which any individual employed by that employer retains the status as lobbyist. Information required to be disclosed concerning compensation received or expenditures made for lobbying shall be disclosed either by the lobbyist or by his or her lobbying firm or employer.
- 2. Major filers shall file quarterly reports for every calendar quarter

during which they made qualifying payments or incurred qualifying expenditures totaling \$5,000 or more.

3. Quarterly reports shall disclose all required information for the calendar quarter immediately prior to the month in which the report is required to be filed.

**B. Quarterly Reports by Lobbyists — Contents.** Quarterly reports by lobbyists shall contain the following information:

1. The lobbyist's name, business address and business telephone number.
2. The lobbying firm, if any, of which the lobbyist is a partner, owner, shareholder, officer or employee.
3. If the lobbyist is not a partner, officer or owner of a lobbying firm, the name, address and telephone number of the lobbyist's employer.
4. The date, amount and description of each activity expense of \$25 or more made by the lobbyist during the reporting period, the name and title of the City official benefiting from the expense, the name and address of the payee, and the client, if any, on whose behalf the expense was made. An activity expense shall be considered to be made on behalf of a client if the client requested or authorized the expense or if the expense was made in connection with an event at which the lobbyist attempted to influence the official on behalf of the client.
5. The total amount of activity expenses made by the lobbyist during the reporting period, whether or not itemized.
6. The name of any elective City officer, candidate for elective City office, or any controlled committee of the officer or candidate to which the lobbyist made contributions of \$100 or more, or which were delivered by the lobbyist, or in connection with which the lobbyist acted as an intermediary during the reporting period, and the date and amount of the contribution.
7. The name of any elective City officer, candidate for elective City office, or any City controlled committee of the officer or candidate for which the lobbyist engaged in any fundraising activity during the reporting period, the date(s) of the activity and the amount of funds the lobbyist knows or has reason to know were raised as a result of the activity.
8. The date and amount of one or more contributions aggregating more than \$1,000 made by the lobbyist at the behest of an elective City officer or candidate for elective City office during the reporting period to any and all controlled committees of any other elective City officer or candidate for elective City office, the name and address of the payee, the name of the elective City officer or candidate for elective City office who made the behest and the date of the behest.
9. The date, amount and description of one or more donations aggregating

\$1,000 or more made by the lobbyist at the behest of an elective City officer or candidate for elective City office during the reporting period to any religious, charitable or other nonprofit organization, the name and address of the payee, the name of the elective City officer or candidate for elective City office who made the behest and the date of the behest.

10. If, during the quarterly reporting period, the lobbyist provided compensated services, including consulting services, to the campaign of any candidate for elective City office, or to a campaign for or against any City ballot measure, the name of the candidate, the elective City office sought by the candidate, the ballot number or letter of the ballot measure, the date of the election, the amount of compensation earned for the compensated services, and a description of the nature of the services provided. Such information shall be reported if the lobbyist personally provided the services, or if the services were provided by a business entity in which the lobbyist owns at least a 10% investment, whether the compensation was provided directly to the lobbyist or to such business entity.

11. If, during the quarterly reporting period, the lobbyist provided compensated services under contract with the City or with any City agency, including consulting services, the amount of compensation received, the agency for which the services were provided, a description or other

identification of the contract and the nature of the services provided. Such information shall be reported if the lobbyist personally provided the services, or if the services were provided by a business entity in which the lobbyist owns at least a 10% investment, whether the compensation was provided directly to the lobbyist or to such business entity.

12. Each City agency that the lobbyist attempted to influence.

13. Any other information required by regulation of the City Ethics Commission, consistent with the purposes and provisions of this Article.

**C. Quarterly Reports by Lobbying Firms — Contents.** Quarterly reports by lobbying firms, including individual contract lobbyists, shall contain the following information:

1. The name, address, email, and telephone number of the firm.
2. The name of each lobbyist who is a partner, owner, shareholder, officer or employee of the firm.
3. The name, address and telephone number of each client that is required to be registered and was represented by the firm during the reporting period; a description of each item of municipal legislation for which the firm or its lobbyists represented the client during the reporting period; the total amount of payments received by the firm from each client (including all fees, reimbursements for expenses and

- other payments) during the reporting period for such representation.
4. The total payments received from clients required to be registered by the firm during the reporting period in connection with the firm's representation of clients on municipal legislation.
  5. The date, amount and description of each activity expense of \$25 or more made by the lobbying firm during the reporting period, the name and title of the City official benefiting from the expense, the name and address of the payee, and the client, if any, on whose behalf the expense was made. An activity expense shall be considered to be made on behalf of a client if the client requested or authorized the expense or if the expense was made in connection with an event at which the lobbying firm attempted to influence the official on behalf of the client.
  6. The total amount of activity expenses made by the lobbying firm during the reporting period, whether or not itemized.
  7. The total amount of expenses incurred in connection with attempts by the firm to influence municipal legislation. These expenses shall include:
    - (a) total payments to lobbyists employed by the firm;
    - (b) total payments to employees of the firm, other than lobbyists, who engaged in attempts to influence municipal legislation during the reporting period; and
  - (c) all expenses attributable to attempts to influence municipal legislation, other than overhead, and other expenses that would not be incurred but for the attempts to influence. Each such expense of \$5,000 or more shall be itemized and described.
  8. The name of any elective City officer, candidate for elective City office, or any controlled committee of the officer or candidate to which the lobbying firm made contributions of \$100 or more, or which were delivered by the lobbying firm, or in connection with which the lobbying firm acted as an intermediary during the reporting period, and the date and amount of the contribution.
  9. The name of any elective City officer, candidate for elective City office, or any City controlled committee of the officer or candidate for which the lobbying firm engaged in any fundraising activity during the reporting period, the date(s) of the activity and the amount of funds the lobbying firm knows or has reason to know were raised as a result of the activity.
  10. The date and amount of one or more contributions aggregating more than \$1,000 made by the lobbying firm at the behest of an elective City officer or candidate for elective City office during the reporting period to any and all controlled committees of any other elective City officer or candidate for elective City office, the name and

address of the payee, the name of the elective City officer or candidate for elective City office who made the behest and the date of the behest.

11. The date, amount and description of one or more donations aggregating \$1,000 or more made by the lobbying firm at the behest of an elective City officer or candidate for elective City office during the reporting period to any religious, charitable or other nonprofit organization, the name and address of the payee, the name of the elective City officer or candidate for elective City office who made the behest and the date of the behest.
12. If, during the quarterly reporting period, the lobbying firm provided compensated services, including consulting services, to the campaign of any candidate for elective City office, or to a campaign for or against any City ballot measure, the name of the candidate, the elective City office sought by the candidate, the ballot number or letter of the ballot measure, the date of the election, the amount of compensation earned for the compensated services and a description of the services provided.
13. If, during the quarterly reporting period, the lobbying firm provided compensated services under contract with the City or with any agency, including consulting services, the amount of compensation received, the agency for which the services were provided, a description or other identification of the contract and the nature of the services provided. For

an individual contract lobbyist who qualifies as a lobbying firm, such information shall be reported if the lobbyist personally provided the services, or if the services were provided by a business entity in which the lobbyist owns at least a 10% investment, regardless of whether the compensation was provided directly to the lobbyist or to such business entity.

14. For an individual contract lobbyist who qualifies as a lobbying firm, each City agency that the lobbyist attempted to influence.
15. The name, address, email, and telephone number of the person responsible for preparing the report.
16. Any other information required by regulation of the City Ethics Commission, consistent with the purposes and provisions of this Article.

**D. Quarterly Reports by Lobbyist Employers — Contents.** Quarterly reports by lobbyist employers shall contain the following information.

1. The name, address, email, and telephone number of the entity filing the report.
2. The name of each lobbyist who is employed by the entity.
3. Total payments during the reporting period to lobbyists employed by the entity. Such payments shall include solely payments for compensation and reimbursement of expenses relating to the lobbyists' attempts to influence municipal legislation.

4. Total payments to employees of the entity, other than lobbyists, who engaged in attempts to influence municipal legislation during the reporting period. Such payments shall include payments for compensation and reimbursement of expenses relating to such persons' attempts to influence municipal legislation.
5. Total payments for expenses incurred in connection with attempts by the entity during the reporting period to influence municipal legislation. These expenses shall include all expenses attributable to attempts to influence municipal legislation, other than overhead, and other expenses that would not be incurred but for the attempts to influence. Each such expense of \$5,000 or more shall be itemized and described.
6. A description of each item of municipal legislation which the entity attempted to influence during the reporting period.
7. The date, amount and description of each activity expense of \$25 or more made by the lobbyist employer during the reporting period, the name and title of the City official benefiting from the expense, and the name and address of the payee.
8. The total amount of activity expenses made by the lobbyist employer during the reporting period, whether or not itemized.
9. The name of any elective City officer, candidate for elective City office, or any controlled committee of the officer or candidate to which the lobbyist employer made contributions of \$100 or more, or which were delivered by the lobbyist employer, or in connection with which the lobbyist employer acted as an intermediary during the reporting period, and the date and amount of the contribution.
10. The name of any elective City officer, candidate for elective City office, or any City controlled committee of the officer or candidate for which the lobbyist employer engaged in any fundraising activity during the reporting period, the date(s) of the activity and the amount of funds the lobbyist employer knows or has reason to know were raised as a result of the activity.
11. The date and amount of one or more contributions aggregating more than \$1,000 made by the lobbyist employer at the behest of an elective City officer or candidate for elective City office during the reporting period to any and all controlled committees of any other elective City officer or candidate for elective City office, the name and address of the payee, the name of the elective City officer or candidate for elective City office who made the behest and the date of the behest.
12. The date, amount and description of one or more donations aggregating \$1,000 or more made by the lobbyist employer at the behest of an elective City officer or candidate for elective City office during the reporting period to any religious, charitable or other nonprofit

organization, the name and address of the payee, the name of the elective City officer or candidate for elective City office who made the behest and the date of the behest.

- 13. The name, address, email, and telephone number of the person responsible for preparing the report.
- 14. Any other information required by regulation of the City Ethics Commission, consistent with the purposes and provisions of this Article.

**E. Quarterly Reports by Major Filers — Contents.** Quarterly reports by major filers shall contain the following information:

- 1. The name, address and telephone number of the person filing the report.
- 2. A description of each item of municipal legislation which the entity attempted to influence during the reporting period.
- 3. The total payments made during the reporting period for the purpose of attempting to influence action on each proposed or pending matter of municipal legislation.
- 4. The name, address and telephone number of the person responsible for preparing the report.
- 5. Any other information required by regulation of the City Ethics Commission, consistent with the purposes and provision of this Article.

*History:*

*Amended by Ord. No. 175432 effective 9/28/03.  
Renumbered by Ord. No. 175432 effective 9/28/03.  
Amended by Ord. No. 182360, effective 1/30/13.*

**SEC. 48.08.5. Copies of Solicitations**

Each lobbying entity that produces, pays for, mails or distributes more than 50 substantially similar copies of a written political fundraising solicitation for any controlled committee of an elective City officer or candidate relating to seeking or holding City elective office or supporting or opposing a City ballot measure shall send a copy of the solicitation to the City Ethics Commission for public access, at the time the solicitation is sent or otherwise distributed, and shall report on its next quarterly report the date(s) on which it is mailed or distributed and a general description of the content of the solicitation, the number of pieces mailed or distributed, and name of the elective City officer, or candidate or City ballot measure committee for which the funds were solicited.

*History:  
Added by Ord. No. 175432, effective 9/28/03.*

**SEC. 48.08.6. Lobbying Disclosure — Political Contributions**

A. Each lobbying entity, which makes one or more contributions to an elective City officer and/or to any or all of his or her controlled committees, shall file a notice with the City Ethics Commission each time the making of a contribution results in the lobbying entity having made contributions aggregating more than \$7,000 to the officer and/or his or her controlled committees within the past 12 months. The notice shall be filed on a form prescribed by the Commission

within one business day after making a contribution that triggers the filing requirement. The notice shall contain the following information:

1. The name, address and telephone number of the filer, the name of the elective City officer, and/or any or all of his or her controlled committees, to which the lobbying entity made contributions aggregating more than \$7,000 during the past twelve months, and the date and amount of each contribution.
2. For purposes of this section, a “controlled committee” does not include any committee controlled by an elective City officer that is
  - (a) formed to support or oppose a ballot measure or
  - (b) formed to support the election of that officer to other than elective City office.
- B. The original notice shall be filed with the City Ethics Commission, and copies shall be filed with the City Clerk and the elective City officer involved. Each notice may only include information relative to one elective officer.
- C. The form shall be considered filed on the date of the postmark or on the date of delivery to the City Ethics Commission, whichever is earlier.
- D. The form shall be verified under penalty of perjury by the individual filing it or by an officer of the entity authorized to file it.

- E. The City Ethics Commission shall post the information in the notice on its website within one business day of its receipt of the notice. The City Clerk shall make the notice available for inspection within one business day of its receipt.

*History:*

*Added by Ord. No. 175432, effective 9/28/03.*

#### **SEC. 48.08.7. Lobbying Disclosure — Fundraising Activity**

- A. Every lobbying entity who within any 12 month period (i) engaged in fundraising activities on behalf of an elective City officer and/or any and all of his or her controlled committees, and which knows or has reason to know that the fundraising activities resulted in contributions, and/or (ii) delivered or acted as an intermediary for one or more contributions to the elective City officer and/or any and all of his or her controlled committees, shall file a notice with the City Ethics Commission any time the activities identified in (i) and/or (ii) aggregate more than \$15,000 in the case of a member of the City Council, or more than \$35,000 in the case of the Mayor, City Attorney, or Controller. The notice shall be filed on a form prescribed by the City Ethics Commission within one business day after any of these thresholds is exceeded. The notice shall contain the following information:
  1. The name, address and telephone number of the filer, the name of the elective City officer, and/or any or all of his or her controlled committees, on whose behalf the lobbying entity engaged in fundraising activities, or

delivered or acted as intermediary for one or more contributions to the elective City officer and/or any and all of his or her controlled committees, the date of the fundraising activity, and the amount of contributions raised, delivered or in connection with which the lobbying entity acted as an intermediary.

2. For purposes of this section, a “controlled committee” does not include any committee controlled by an elective City officer that is

(a) formed to support or oppose a ballot measure or

(b) formed to support the election of that officer to other than elective City office.

3. For purposes of this notification, if a fundraising event is sponsored or hosted by more than one person, the amount of contributions received at or as a result of the event shall be attributed to each lobbying entity who hosted or sponsored the event according to the amount of the contributions that resulted from that lobbying entity’s fundraising activities. If a contribution results from the fundraising of more than one person and/or lobbying entity, that contribution shall be apportioned equally to each of the persons and/or lobbying entity that engaged in the fundraising activity.

B. The original notice shall be filed with the City Ethics Commission, and copies shall be filed with the City Clerk and the elective City officer involved. Each notice may only

include information relative to one elective officer.

C. The form shall be considered filed on the date of the postmark or on the date of delivery to the City Ethics Commission, whichever is earlier.

D. The form shall be verified under penalty of perjury by the individual filing it or by an officer of the entity authorized to file it.

E. The City Ethics Commission shall post the information in the notice on its website within one business day of its receipt of the notice. The City Clerk shall make the notice available for inspection within one business day of its receipt.

*History:*

*Added by Ord. No. 175432, effective 9/28/03.*

**Sec. 48.08.8. Lobbying Disclosure —  
Written Communications to  
Neighborhood Councils**

(a) No lobbying entity registered with the City of Los Angeles shall deliver or send to a certified neighborhood council a written communication on behalf of a client, including, but not limited to, letters, faxes, electronic messages, and flyers, without a disclosure indicating that the communication was delivered or sent by that lobbying entity.

(b) For purposes of subsection (a), the required disclosure shall be printed clearly and legibly in no less than 8-point type in a color or print that contrasts with the background so as to be legible and shall be presented in a clear and conspicuous manner in

the written communication. The disclosure shall include all of the following information applicable to the written communication:

- (1) The name of the lobbyist(s) that prepares, delivers or sends the written communication;
- (2) The name of the registered lobbying firm(s) or lobbyist employer(s) who employs the lobbyist(s) that prepares, delivers or sends the written communication; and,
- (3) The name of the client or clients on whose behalf the lobbying entity prepares, delivers, or sends the written communication in an attempt to influence municipal legislation.

*History:  
Added by Ord. No. 176034, effective 7/26/04.*

## **SEC. 48.09 Compliance Measures and Enforcement**

**A. Audits.** The City Ethics Commission shall have the authority to conduct audits of reports and statements filed pursuant to this Article. Such audits may be conducted on a random basis or when the City Ethics Commission staff has reason to believe that a report or statement may be inaccurate or has not been filed.

### **B. Criminal Penalties.**

1. Any person who knowingly or willfully violates any provision of this Article is guilty of a misdemeanor. Any person who knowingly or willfully causes any other person to violate any provision of this article, or who knowingly or willfully aides

and abets any other person in violation of any provision of this article, is guilty of a misdemeanor.

2. Prosecution for violation of any provision of this article must be commenced within one year after the date on which the violation occurred.
3. No person convicted of a violation of this Article may act as a lobbyist or otherwise attempt to influence municipal legislation for compensation for one year after such conviction.

### **C. Civil Enforcement.**

1. Any person who knowingly violates any provision of Section 48.04 shall be liable in a civil action brought by the City Attorney. Any person who intentionally or negligently violates any other provisions of this Article shall be liable in a civil action brought by the City Attorney. Failure to properly report any receipt or expenditure may result in civil penalties not to exceed the amount not properly reported, or \$2,000, whichever is greater. Any other violation may result in civil penalties no greater than \$2,000. If the court determines that a violation was intentional, the court may order that the defendant be prohibited from acting as a lobbyist or otherwise attempting to influence municipal legislation for one year.
2. In determining the amount of liability pursuant to this subsection, the court shall take into account the seriousness of the violation and the

degree of culpability of the defendant.

3. If two or more persons are responsible for any violation, they shall be jointly and severally liable.
4. No civil action alleging a violation of this Article shall be filed more than four years after the date the violation occurred.

D. **Injunction.** The City Attorney on behalf of the people of the City of Los Angeles may seek injunctive relief to enjoin violations of or to compel compliance with the provisions of this article.

E. **Administrative Penalties.** The City Ethics Commission may impose penalties and issue orders for violation of this Article pursuant to its authority under Charter Section 706(c).

F. **Late Filing Penalties.** In addition to any other penalty or remedy available, if any person fails to file any report or statement required by this Article, after any deadline imposed by this Article, such person shall be liable to the City Ethics Commission in the amount of twenty-five dollars (\$25) per day after the deadline until the statement or report is filed, up to a maximum amount of \$500. Liability need not be enforced by the Commission if its Executive Officer determines that the late filing was not willful and that enforcement of the penalty would not further the purposes of this Article. No liability shall be waived if a statement or report is not filed within 10 days after the Commission has sent specific

written notice to the filer of the filing requirement.

G. **Restriction on Person Who Violates Certain Laws.**

1. No person shall act or continue to act as a registered lobbyist or lobbying firm if, within the prior four years, that person has been found by the City Ethics Commission, in a proceeding pursuant to Charter Section 706, to have violated City Charter Section 470(k) on any occasion. That determination shall be based either on a finding of the City Ethics Commission made after an administrative hearing or on a stipulation by the lobbyist or lobbying firm entered into with the City Ethics Commission within the previous four years.

2. If the City Ethics Commission makes a finding that the person has either

- (1) accepted responsibility for the violation in the form of having entered into a stipulation with the City Ethics Commission in which the party admits the violation, or otherwise exhibits evidence of having accepted such responsibility, or
- (2) mitigated the wrongdoing by taking prompt remedial or corrective action, then the City Ethics Commission may reduce the time period during which the above prohibition would apply to a period of not less than one year.

**H. Contract Bidder Certification of Compliance With Lobbying Laws.**

1. Any bidder for a contract, as those terms are defined in Los Angeles Administrative Code Section 10.40.1, shall submit with its bid a certification, on a form prescribed by the City Ethics Commission, that the bidder acknowledges and agrees to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance if the bidder qualifies as a lobbying entity under Section 48.02 of this article. The exemptions contained in Section 48.03 of this article and Los Angeles Administrative Code Section 10.40.4 shall not apply to this subsection.
2. Each agency shall include the Municipal Lobbying Ordinance in each invitation for bids, request for proposals, request for qualifications, or other solicitation related to entering into a contract with the City. The ordinance must be provided in at least 10-point font and may be provided on paper, in an electronic format, or through a link to an online version of the ordinance. The ordinance is not required to be printed in a newspaper notice of the solicitation.
3. This subsection does not apply to the renewal, extension, or amendment of an existing contract, as long as the solicitation for the original contract met the requirements in Paragraphs 1 and 2 above and the renewal, extension, or amendment does not involve a new solicitation.

4. For purposes of this subsection, "agency" does not include a state agency operating solely within the City such as the Community Redevelopment Agency or Los Angeles City Housing Authority.

*History:*  
 Amended by Ord. No. 169916, effective 8/10/94.  
 Amended by Ord. No. 171142, effective 8/3/96.  
 Amended by Ord. No. 172942, effective 1/21/00.  
 Amended by Ord. No. 178064, effective 1/15/07.  
 Amended by Ord. No. 179934, effective 7/21/08.

**SEC. 48.10. Ethics Commission Reports**

As soon as practicable after the close of each quarterly reporting period, the City Ethics Commission shall prepare a report to the Mayor and City Council of lobbying activity which occurred during the reporting period. Such report shall be in a form which, in the opinion of the Commission, best describes the activities, receipts and expenditures of persons subject to the requirements of this article.

*History:*  
 Added by Ord. No. 169916, effective 8/10/94.

**SEC. 48.11. Severability**

If any provision of this article, or its application to any person or circumstance, is held invalid by any court, the remainder of this article and its application to other persons and circumstances, other than that which has been held invalid, shall not be affected by such invalidity, and to that extent the provisions of this article are declared to be severable.

*History:*  
 Added by Ord. No. 169916, effective 8/10/94.

. . . .

## **APPENDIX 8**

Federal Elections Commission's Brochure on Foreign Nationals

# Foreign nationals

June 23, 2017

The FEC often receives questions about the rules governing foreign nationals' participation in U.S. elections. While this article responds to some of the most common questions, it does not cover all aspects of foreign national activity. Readers should consult the Federal Election Campaign Act (the Act) and Commission regulations, advisory opinions, and relevant case law for additional information. For questions involving proposed activity for which there may not be clear guidance, you may consider [requesting your own advisory opinion \(AO\)](#) from the Commission. Please note, however, that the Commission's jurisdiction is limited to provisions of the Act and does not include other laws that may also apply to foreign national activity.

The Act and Commission regulations include a broad prohibition on foreign national activity in connection with elections in the United States. 52 U.S.C. § 30121 and generally, 11 CFR 110.20. In general, foreign nationals are prohibited from the following activities:

- Making any contribution or donation of money or other thing of value, or making any expenditure, independent expenditure, or disbursement in connection with any federal, state or local election in the United States;
- Making any contribution or donation to any committee or organization of any national, state, district, or local political party (including donations to a party nonfederal account or office building account);
- Making any disbursement for an electioneering communication;
- Making any donation to a presidential inaugural committee.

Persons who knowingly and willfully engage in these activities may be subject to an FEC [enforcement action](#), criminal prosecution, or both.

## Definition

The following groups and individuals are considered "foreign nationals" and are subject to the prohibition:

- Foreign citizens (not including dual citizens of the United States);
- Immigrants who are not lawfully admitted for permanent residence;
- Foreign governments;
- Foreign political parties;
- Foreign corporations;
- Foreign associations;
- Foreign partnerships; and
- Any other foreign principal, as defined at 22 U.S.C. § 611(b), which includes a foreign organization or "other combination of persons organized under the laws of or having its principal place of business in a foreign country."

## Individuals: The "green card" exception

The Act does not prohibit individuals with permanent resident status (commonly referred to as "green card holders") from making contributions or donations in connection with federal, state or local elections, as they are not considered foreign nationals.

## Participation by foreign nationals in decisions involving election-related activities

Commission regulations prohibit foreign nationals from directing, dictating, controlling, or directly or indirectly participating in the decision-making process of any person (such as a corporation, labor organization, political committee, or political organization) with regard to any election-related activities. Such activities include, the making of contributions, donations, expenditures, or disbursements in connection with any federal or nonfederal elections in the United States, or decisions concerning the administration of any political committee. Foreign nationals are also prohibited from involvement in the management of a political committee, including any separate segregated fund (SSF), nonconnected committee, or the nonfederal accounts of any of these committees. See Explanation and Justification for 11 CFR 110.20 at [67 FR 69946 \(November 19, 2002\)](#) [PDF].

The Commission has pursued a number of enforcement actions related to this prohibition. For example, in Matter Under Review (MUR) 3460, the Commission reached a conciliation agreement with a U.S. subsidiary of a foreign corporation and four of its foreign national directors. The directors, along with one director who was not a foreign national, passed a resolution authorizing a “contribution committee” to make political and charitable donations from a special account, and capitalizing the committee with \$50,000 in corporate funds. The one director who was not a foreign national was appointed as the sole member of the committee. The contribution committee subsequently made contributions to state and local candidates. The foreign nationals’ involvement in the decision to establish and fund the “contribution committee” meant that its subsequent contributions violated the ban on foreign nationals participating directly or indirectly in the making of contributions and donations in connection with elections. The corporation and the foreign national directors paid a civil penalty.

## Volunteer activity

Generally, an individual (including a foreign national) 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. The Commission has addressed applicability of this exemption to several situations involving volunteer activity by a foreign national, as explained below.

In [AO 2014-20 \(Make Your Laws PAC\)](#), the Commission concluded that a political action committee could accept assistance from a foreign national in developing intellectual property for the PAC, such as trademarks, graphics, and website design because the services accepted by the PAC would fall under the volunteer exemption. Similarly, in [AO 2004-26 \(Weller\)](#), the Commission held that a foreign national could attend, speak at campaign events for a federal candidate, and solicit contributions to the campaign. However, the Commission cautioned that the foreign national could not manage or participate in any of the campaign committee’s decision-making processes. See also AOs [2007-22 \(Hurysz\)](#) and [1987-25 \(Otaola\)](#).

In MUR 5987, the Commission examined a situation in which a foreign national provided an uncompensated musical concert performance as a volunteer for a federal candidate’s campaign as part of a fundraising event. The candidate’s campaign had paid all of the costs of hosting the concert, including the rental of the venue and equipment and providing security. The performer had merely provided his uncompensated volunteer services to the campaign and had not participated in any of the campaign’s decision-making. Based on these facts, the Commission found no reason to believe that the foreign national or the federal candidate’s committee had violated the Act’s foreign national prohibition.

## Non-election 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 Commission has issued advisory opinions that help to define the parameters of that activity.

In [AO 1989-32 \(McCarthy\)](#), the Commission concluded that a foreign national could not contribute to a ballot measure committee that had coordinated its efforts with a nonfederal candidate's re-election campaign. Also, in [AO 1984-41 \(National Conservative Foundation\)](#), 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 permissible because they were not “election influencing” in that they did not mention candidates, political offices, political parties, incumbent federal officeholders or any past or future election.

In a decision that was later [affirmed by the Supreme Court](#), the U.S. District Court for the District of Columbia ruled that the foreign national ban “does not restrain foreign nationals from speaking out about issues or spending money to advocate their views about issues. It restrains them only from a certain form of expressive activity closely tied to the voting process—providing money for a candidate or political party or spending money in order to expressly advocate for or against the election of a candidate.” [Bluman v. FEC](#), 800 F. Supp. 2d 281, 290 (D.D.C. 2011), *aff’d* 132 S. Ct. 1087 (2012).

## Providing assistance with foreign national election activity

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. Further, no person may provide substantial assistance in the making of any expenditure, independent expenditure, or disbursement by a foreign national. “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. See Explanation and Justification for 11 CFR 110.20 at [67 FR 69945-46 \(November 19, 2002\)](#) [PDF].

## Soliciting, accepting, or receiving contributions and donations from foreign nationals

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; or
- 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.

Pertinent facts that should cause the recipient of a contribution or donation to question whether it was given by a foreign national 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. Commission regulations provide for a safe harbor: 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.

In [AO 2016-10 \(Parker\)](#), the Commission determined that a U.S. citizen living abroad could solicit contributions on behalf of federal candidates and committees from other U.S. citizens residing abroad. She was required to ascertain the citizenship of the individuals whom she might solicit if she were aware of facts that would lead a reasonable person to inquire or believe that those individuals were foreign nationals. However, the Commission advised the requestor, “Limiting your solicitations to friends and family who live in the U.S. and who have not, to your knowledge, lived abroad, would not obligate you to conduct further inquiry about citizenship status due to the residence of the individuals whom you solicit.” If, however, she were to obtain a copy of a valid U.S. passport, she would be covered by the safe harbor provision noted above.

In MUR 4834, an individual admitted knowingly and willfully soliciting a contribution from a foreign national and causing a foreign contribution to be made falsely in the name of a U.S. citizen. The individual also admitted that at the time of the solicitation, he knew that the person he was soliciting was a foreign national and that contributions from foreign nationals were prohibited. The Commission entered into a conciliation agreement with the individual, and he agreed to pay a civil penalty.

In MUR 4638, the Commission found reason to believe that a law firm had violated the Act by knowingly solicited and provided “substantial assistance” to a foreign national making donations. Individuals at the firm participated in conversations with a known foreign national and his agents that resulted in his making donations to state and local candidates. As a result of the Commission’s finding, the firm entered into a conciliation agreement with the Commission and agreed to pay a civil penalty.

## **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.

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.

Evidence of legality may include a written statement from the contributor explaining why the contribution is legal (e.g., donor has a green card or provides a copy of his or her valid U.S. passport), or an oral explanation that is recorded in memorandum.

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.

In MUR 4530 and several related MURs (MURs 4531, 4587, 4642, 4909, and 5295), the Commission found that several foreign nationals and corporations had made prohibited contributions to a federal candidate committee and to a national party committee. Several committees were assessed civil penalties for failing to issue refunds when they became aware that the funds were illegal.

# 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 or by a foreign parent corporation may be subject to the prohibition, as discussed further below.

## PAC contributions for federal activity

Based on a series of FEC advisory opinions, domestic subsidiaries of foreign corporations may establish federal political action committees (known as separate segregated funds or SSFs) for the purpose of make federal contributions and expenditures, so long as:

1. The foreign parent corporation does not finance the SSF's establishment, administration, or solicitation costs through the subsidiary; and
2. Individual foreign nationals:
  - Do not participate in the operation of the PAC;
  - Do not serve as officers of the PAC;
  - Do not participate in the selection of persons who operate the PAC; and
  - Do not make decisions regarding any PAC contributions or expenditures.

For example, in [AO 2000-17 \(Extendicare\)](#), the Commission determined that a U.S. subsidiary of a foreign corporation could establish an SSF even though the subsidiary's board of three directors included only one U.S. citizen because the committee established to oversee all of the SSF's operations comprised only U.S. citizens or permanent residents. See also AOs [2009-14 \(Mercedes Benz USA/Sterling\)](#), [1999-28 \(Bacardi-Martini\)](#), [1995-15 \(Allison Engine PAC\)](#), and [1990-08 \(CIT\)](#).

## Corporate donations and disbursements for nonfederal activity

A domestic subsidiary of a foreign corporation (or a domestic corporation owned by foreign nationals) may make donations and disbursements in connection with state or local elections (if permissible under state and local law) provided that:

- These activities are not financed in any part by the foreign parent or owner; and
- Individual foreign nationals are not involved in any way in the making of donations to nonfederal candidates and committees.

For example, in [AO 2006-15 \(TransCanada\)](#), the Commission concluded that two wholly-owned U.S. subsidiaries of a foreign corporation could make donations and disbursements in connection with state and local elections so long as the funds used were generated by the U.S.-based subsidiary's operations and not from the foreign parent and that all decisions regarding political donations would be made by U.S. citizens or permanent residents. Since the domestic subsidiaries maintained bank accounts in the U.S. that were separate from the foreign parent and did not receive subsidies from the foreign parent or from any other foreign national, the Commission concluded that the proposal was permitted under the Act.

Similarly, in [AO 1992-16 \(Nansay Hawaii, Inc.\)](#), the Commission considered a situation in which a foreign parent corporation provided "regular subsidies [to its domestic subsidiary] in the form of loans or [donations] to capital..." The Commission determined that the domestic subsidiary could make state and local donations, provided that all decisions as to political donations were made by U.S. citizens or permanent residents and also that the subsidiary be able to demonstrate through a reasonable accounting method that it had sufficient funds in its account (other than funds given or loaned by its foreign national parent) from which the donations were

made. The Commission explicitly cautioned that, “[t]he amount that the foreign parent distributes to the subsidiary cannot replenish all or any portion of the subsidiary’s political [donations] during the period since the preceding subsidy payment.”

In contrast, in [AO 1989-20 \(Kuilima Development Company, Inc.\)](#), the Commission declined to approve a U.S. company’s plan to donate to state and local candidates using a PAC funded primarily by donations from its foreign parent corporation. The Commission held that this arrangement was prohibited by the Act and Commission regulations. See also AOs [1989-29 \(GEM of Hawaii, Inc.\)](#), [1985-03 \(Diridon\)](#), and [1982-10 \(Syntex\)](#).

In MUR 2892, the Commission entered into conciliation agreements with a number of respondents, including foreign individuals and businesses, who agreed to pay civil penalties for violations of the Act that involved prohibited contributions made to state and local candidates through U.S. corporations owned by foreign corporations or by foreign individuals. In this particular case, the Commission found reason to believe that the donations in question violated the foreign national prohibition because they were allegedly financed directly by the foreign parent/owner or because individual foreign nationals were allegedly involved in making decisions concerning the contributions. (See also MURs 2864 and 3004.)

### **Relevant citations**

22 U.S.C. § [611\(b\)](#)  
*Foreign principal definition*

52 U.S.C. § [30121](#)  
*Contributions and donations by foreign nationals*

11 CFR [100.74](#)  
*Uncompensated services by volunteers*

11 CFR [103.3\(b\)](#)  
*Deposit of receipts and disbursements*

11 CFR [110.20](#)  
*Prohibition on contributions, donations, expenditures, independent expenditures, and disbursements by foreign nationals (52 U.S.C. § 30121, 36 U.S.C. § 510)*

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