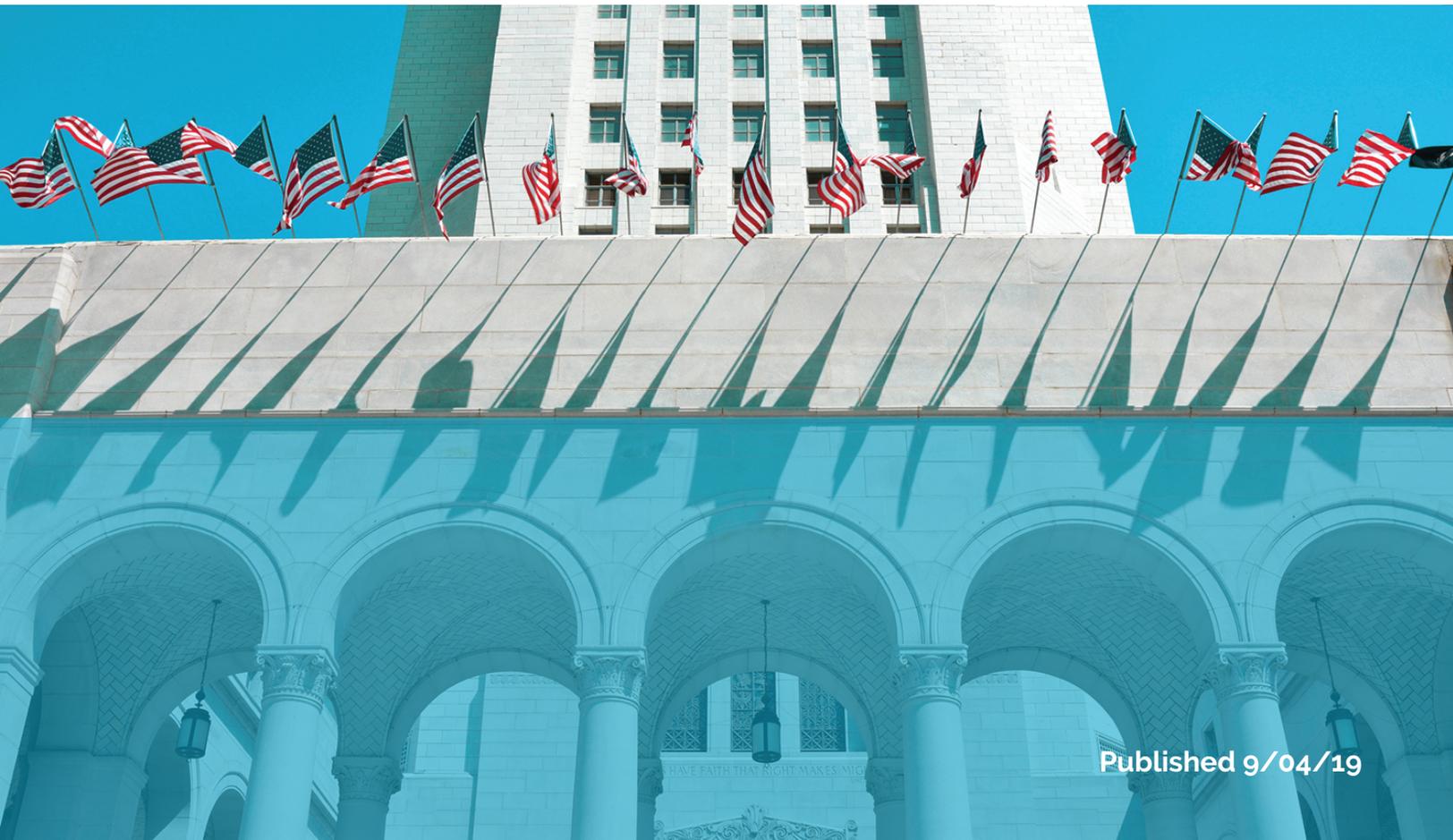


Los Angeles City
ETHICS COMMISSION

2020

City of Los Angeles Candidate Guide



Published 9/04/19

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2020 CITY CANDIDATE GUIDE

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 (the Ethics Commission), strengthened City campaign finance laws, and funded the Public Matching Funds Program for City elections.

The Ethics Commission has prepared this information guide, as a 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 financing. 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.

CONTACT INFORMATION

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
clerk.lacity.org/elections/candidates

Los Angeles County Registrar

12400 Imperial Highway
Norwalk, CA 90650
(800) 815-2666 phone
lavote.net

WHAT'S NEW?

The following key changes to City law are new with the 2020 election cycle. The referenced chapters provide more information.

Contributor Certification

To increase transparency and help candidates report accurate information, all contributors are now required to certify under penalty of perjury to certain information about themselves and their contributions. Please see Chapter 3 for more information about this requirement.

Gift Limit

State law limits the cumulative dollar value of gifts that a candidate may receive from a single source during a calendar year. On January 1, 2019, this limit increased from \$470 to \$500. Please see Chapter 3 for more information on gifts and other contributions.

Committee Contact Information

You must file your "Committee Contact Information" form concurrently with your "Declaration of Intent to Solicit and Receive Contributions." Please see Chapter 2 for more information on disclosure requirements.

Changes to the Public Matching Funds Program

There are several new changes to the public matching funds program, including the following:

- Match Rate: All qualified contributions are now matched at a 6-to-1 rate in both primary and general elections for all qualified candidates.
- Matching Formula: The maximum amount of qualified contributions per-contributor that will be matched has been lowered to one-seventh of the candidate's per-person contribution limit. For the 2020 elections, the maximum that will be matched is \$114.
- Number of Qualifying Contributions: The number of \$5 or more qualifying contributions a candidate must receive from City residents residing in the candidate's council district has been lowered to 100.
- Aggregate Contribution Threshold: The total amount of qualified contributions a candidate must receive to qualify for matching funds has been lowered to \$11,400. This figure is 100 times the maximum amount per-contributor that counts towards this threshold, or 100 individual contributions of \$114.
- Maximum Funding: The maximum funding available to a qualified City Council candidate has been increased and will be periodically adjusted to reflect changes in the Consumer Price Index. For the 2020 elections, the maximum funding is \$151,000 in a primary and \$189,000 in a general.
- Loan Repayment: Candidates who make personal loans to their controlled committees and are subsequently elected to office may not repay the loans from those committees in excess of certain limits.
- Debate Requirement: To qualify, candidates are required to participate in a debate or, if no opponent agrees to debate them, conduct a town hall meeting.

Please see Chapter 4 for more information on the matching funds program.

CHAPTER 1 – GETTING STARTED

A number of steps are necessary to begin funding your campaign. For example, you must file various City and state forms, in part to inform the public about your campaign.

A. REQUIRED PAPERWORK

In order to solicit and receive contributions and make expenditures on behalf of your candidacy, you must file paperwork with the Ethics Commission and the Secretary of State.

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 concurrently.

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 laws.
- "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 checking accounts, 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 or spent \$2,000 in a calendar year for your campaign. Cal. Gov't Code § 82013. Within 10 days of receiving \$2,000 in contributions (including from your personal funds) or spending \$2,000, 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 and will receive contributions.

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 California Form 410 within 10 calendar days of qualifying as a committee and disclose the date you qualified.

You and your campaign committee are required by law to file periodic campaign disclosure statements until your committee officially terminates. Please see Chapter 2 for

more information about these disclosure reports. 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.

B. COMMITTEE ACCOUNTS

Your committee is required to have one campaign checking 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 checking account may only be used for City campaign purposes, and it must be at a financial institution branch in the City of Los Angeles. *Id.*

1. OPENING A COMMITTEE CHECKING ACCOUNT

- a. **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 or by fax at (855) 641-6935.
- b. **Open a checking account** by taking your EIN and a copy of the California Form 410 that you filed with the Ethics Commission and the state to a financial institution located in the City.
- c. **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 checking account information on Form 410 when you originally filed it, you must amend that form to include that information.

2. USE OF PERSONAL FUNDS

You may open the checking 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 Chapter 4 for more information.

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.E below). 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). Please see Section 5.E.1 and Section 4.B for more information.

3. 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, and 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*, Chapter 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, and any bank fees or charges as expenditures on Schedule E of Form 460.

C. ETHICS COMMISSION 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 complete the training as soon as possible and to have their fundraisers and campaign consultants complete a session, as well.

Candidates who intend to participate in the matching funds program cannot qualify for or receive public funds until both they and their treasurers have completed the training. See Chapter 4 for more information on matching funds.

Candidates who have filed campaign paperwork will be notified of training sessions. Others should contact the Ethics Commission for upcoming dates.

D. TIMELINE FOR ACCEPTING CONTRIBUTIONS

The fundraising window for the 2020 primary elections opened on September 3, 2018. You may file a Form 12 after that date. Once you have filed a Form 12, you may begin fundraising. Please see page 46 for other required campaign filings and Chapter 3 for information about contributions.

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(C). See Chapter 8 for more information on post-election activity.

E. 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, ending at 12:00 p.m. on Saturday, November 9.

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 will be 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. Please see section E.4 below for

more information. You are strongly advised to contact the City Clerk's Election Division at (213) 978-0444 for information about qualifying to appear on the 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 begins Monday, November 4, 2019, and 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. Please see Sections E.4 below for more information.

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 with 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 or decline to participate in the public matching funds 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 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." Please see Chapter 4 for more information regarding matching funds.

4. 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 with the Ethics Commission and obtain a filing receipt by 12:00 p.m. on November 9, 2019.

Specific deadlines for receipt of the signed petitions apply and are identified on the election schedule (see the City Clerk's website for more information). The City Clerk's brochure, *General Information for Candidates*, has additional information about filing deadlines, fees, and obtaining nominating petitions.

F. 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.

G. 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:

1. 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);
2. File a "Cancellation of the Declaration of Intent to Solicit and Receive Contributions" form (Form 15) with the Ethics Commission; and
3. File a terminating California Form 460 showing an ending cash balance of zero with the Ethics Commission.

More information about terminating your campaign committee can be found in Chapter 8.

CHAPTER 2 – DISCLOSURE REQUIREMENTS

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

A. 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), filed concurrently with your Form 12, and amended within 10 days if any of the information changes. More information about campaign communications can be found in Chapter 6.

B. 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. DISCLOSURE FORMS

a. Periodic Reports.

You are required to file periodic campaign disclosure statements using either California Form 470 (Short Form) or California Form 460 (Long Form). The required form depends on the total amount of your contributions or expenditures.

- Less than \$2,000.
Form 470 is used if you do not have a controlled committee and do not anticipate receiving or spending at least \$2,000 for your campaign. 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.
- \$2,000 or more.
Form 460 is used if you have received or spent (or plan to receive or spend) \$2,000 or more for your campaign. If you are required to file a Form 460, you must 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*. Once your Form 460 is filed, you must continue to use Form 460, and Form 470 can no longer be used.

b. 24-hour Contribution Reports.

In addition to disclosing your campaign activity periodically on a scheduled basis, you are also required to file a "[24-hour Contribution Report](#)" (Form 497) when you give yourself \$1,000 or more on the date of the election or during the 90 days immediately preceding the date of the election. Cal. Gov't Code §§ 82036, 84203. You must report the contribution or loan again on the next regular filing of your California Form 460.

Please see Section 3.D for more information.

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:

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

2. ELECTRONIC VS. PAPER FILING

a. Campaigns raising or spending at least \$10,000.

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

To access CEFS, both you and your treasurer must file an "[Application for CEFS ID](#)" (Form 18) with the Ethics Commission. LAMC § 49.7.17(A)(1).

b. All others.

Candidates who are not required to file electronically are encouraged to do so voluntarily. Printable copies and detailed instructions of all required disclosure forms are available on the Ethics Commission's website at ethics.lacity.org/how-do-i-file.

3. FILING DEADLINES

Campaign disclosure statements must be filed by specific deadlines identified by law. The filing schedule on the next page provides a list of filing deadlines. A filing deadline is extended to the next business day when it falls on a Saturday, Sunday, or a City Holiday.

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 (\$10 per day for the state and \$25 per day for the City) and other penalties may apply to campaign statements that are not filed by the filing deadline. Please see Section 10.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 B.2.

C. CAMPAIGN FILING SCHEDULE

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

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 | CEFS First Class Mail Personal Delivery |
| September 24, 2020 | 1st Pre-Run Off | 7/1/20 – 9/19/20 | CEFS First Class Mail Personal Delivery |
| October 22, 2020 | 2nd Pre-Run Off | 9/20/20 – 10/17/20 | CEFS First Class Mail Personal Delivery |
| October 30, 2020 | 3rd Pre-Run Off | 10/18/20 – 10/28/20 | CEFS First Class Mail Personal Delivery |
| 24 hours after receiving a contribution of \$1,000+ | 24-hour Contribution | 8/5/20 – 11/3/20 | Email / Fax Guaranteed Overnight Service Personal Delivery |
| February 1, 2021 | Semi-Annual | 10/29/20 – 12/31/20 | CEFS First Class Mail Personal Delivery |

Whenever a campaign statement is required, a statement must be filed for every committee that you controlled during the reporting period.

D. COMMITTEE OBLIGATIONS TO THE IRS

Your campaign committee may be required to file IRS 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.

CHAPTER 3 – CONTRIBUTIONS

A. ABOUT CONTRIBUTIONS

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. MONETARY CONTRIBUTIONS

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.

2. NON-MONETARY (IN-KIND) CONTRIBUTIONS

Typical examples of non-monetary contributions, also referred to as in-kind contributions, include:

- Food, beverages, flowers, and decorations donated by a supporter.
- 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.
- A third party's 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.

3. 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).

B. PAYMENT METHODS

1. CASH

You may not receive cash contributions of more than \$30 per contributor.

2. WRITTEN INSTRUMENTS

A monetary contribution of \$100 or more must be made by a check 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. A monetary contribution of \$99.99 or less may be made by check, cashier's check, or money order. Cal. Gov't Code § 84300(c); FPPC's *Campaign Disclosure Manual 2*.

3. CREDIT CARD AND OTHER ELECTRONIC METHODS

If you accept credit card or other electronic contributions, you must determine whether each contribution is from a personal or a business account.

4. 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), 2 CCR § 18421.31. Text contributions are treated as a pledge and are not considered "received" until the candidate or committee obtains control of the contributed funds.

C. PROHIBITED CONTRIBUTIONS

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), certain city contractors, 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 table on the following page.

| 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"> • All elected City officials • All City candidates • All City committees controlled by City officials and candidates |
| 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"> • That elected City official • All candidates for that elected City office • All City committees controlled by that elected City official and those candidates |
| No approval by the City Council and entered into by one of these departments: <ul style="list-style-type: none"> • Harbor Department • Department of Water & Power • Los Angeles World Airports | <ul style="list-style-type: none"> • The City Attorney • The Controller • All candidates for City Attorney or Controller • All City committees controlled by the City Attorney, the Controller, and candidates for those offices |

* 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.

D. CONTRIBUTION LIMITS

There are monetary limits to the amounts you can receive during your campaign. 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 contribution limit is \$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. Please see Section 3.E for more information about aggregation.

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

Example: You begin fundraising for the Council District 15 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, goods, or services 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 move on to the general election in November, that contributor can give up to the \$800 limit again to your general election committee.

Credit (other than a loan) extended for a period of more than 90 days is subject to the contribution limit, 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 contribution limit. 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. 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 limit is \$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 4.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. Please see Section E below for more information.

3. ANONYMOUS CONTRIBUTIONS

You may not receive more than \$200 total from all anonymous sources for an election. Charter §§ 470(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.

4. GIFTS

Once you file your California Form 501, you are prohibited from accepting gifts from a single source in a calendar year with a total value of more than \$500. Cal. Gov't Code § 89503.

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 (see Section 1.E.2). For information about what constitutes a gift, exceptions to the gift law, or how this law applies to you, please contact the FPPC.

5. LOANS

a. General Information.

A loan is a contribution to your campaign, and the contribution limit applies. The two exceptions are if you lend your personal money to your campaign or you take out a loan on the same terms available to the public in the regular course of business from a commercial lending institution. 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 interest rate, the due date, and the name, address, occupation, and employer of the lender and each guarantor or person liable for the loan.

c. Personal Loans.

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. These loans require the same documentation described in b. above. Charter § 470(c)(8); LAMC § 49.7.23(C)(5). Please see Chapter 4 for more information on matching funds.

After an election, you may not repay yourself more than \$34,800. If you lend your campaign more than that, the amount in excess of \$34,800 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 spending limit before it is lifted, the balance of your personal loans may not be repaid, regardless of amount. LAMC §§ 49.7.9(F), 49.7.23(C)(5).

E. AGGREGATION

In certain circumstances, contributions from two or more persons must be aggregated and treated as if they were made by a single person. This means that the total amount given by those persons is subject to the per-person contribution limit.

1. GENERAL INFORMATION

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 everyone aggregated with that person is also prohibited. Consider the following examples:

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 checking account of more than \$300 to the same candidate in the same election.

Example 2: An individual who contributes \$800 from his own checking account may not make a contribution of any amount from the funds of another individual for whom he holds financial power of attorney to the same candidate in the same election.

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

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 funds to the same candidate in the same election.

Example 6: Alan and Bob own 80 percent of Company A and 60 percent of 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 candidate in the same election. Alan and Bob may not make separate contributions from their personal funds, depending on their individual ownership share of Company A.

2. SPOUSES AND CHILDREN

Contributions by spouses are treated as separate contributions. Each spouse may make a contribution up to the per-person contribution 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

State law specifies standard ways in which contributions from joint checking accounts must be attributed. 2 CCR § 18533.

- 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 also signs it.

- If each individual whose name is imprinted on a check signs it, the contribution must be attributed in equal amounts to each person.
- If the name of the individual who signs the check is not imprinted on the check, an accompanying document, signed by the contributing individual(s), must state to whom the contribution is attributed.

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 EXCESS CONTRIBUTIONS

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

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

CEFS allows authorized users to check for aggregation using the methods described above. See Section 2.B for more information about CEFS.

If you have contributions that appear to require aggregation, you must obtain reliable third-party documentation to show that aggregation is not required. An [Aggregate Contribution Verification Form](#) 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.

F. LIMITATIONS ON FUNDRAISING

1. CITY OFFICIALS AND EMPLOYEES

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. CITY PROPERTY

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 business days of receipt. LAMC § 49.7.11(B)(2).

3. MEMBERS OF CITY BOARDS AND COMMISSIONS

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. LOBBYING ENTITIES

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).

G. 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.

1. CONTRIBUTOR 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: Bob asks his employee Joe to make a contribution, and reimburses Joe 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).

2. CONTRIBUTOR ADDRESS

This must include the street address, city, state, and zip code. A post office or business service center box address may not be used. The address provided must be the contributor's residence address.

3. CONTRIBUTOR 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:

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

A professional field (e.g., sales, education, entertainment, software, etc.) does not qualify as an occupation. However, an occupation may include being retired or a homemaker. Occupation and employer are not required if the contributor is a non-individual.

4. 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 have to pay on the open market for the good or service. First try to obtain this information in writing from the contributor and, if possible, obtain copies of invoices or receipts. 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.

5. 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.

6. CONTRIBUTOR CERTIFICATION

All of your contributors must certify all of the following information under penalty of perjury:

- The contribution is not being made under a false name;
- The contribution is not being made under someone else's name;
- The contribution does not cause the contributor to cumulatively or in the aggregate exceed the applicable contribution limit;
- The contribution has not been and will not be reimbursed;
- The contribution is not from a lobbyist or lobbying firm that is prohibited from making it;
- The contribution is not from a bidder, subcontractor, principal, or underwriting firm that is prohibited from making it;
- Whether the contribution is being made with business or personal funds;
- For an individual contributor, whether the address provided is the contributor's residence address; and
- The information regarding a contributor's address, occupation, and employer is correct.

Obtaining this certification is evidence that you acted in good faith in receiving the contribution. LAMC §§ 49.7.16(B)–(C). Contributions received without the proper certifications may not be spent or used to qualify for matching funds. A sample [Contributor Certification](#) is available on page 49, and on the Ethics Commission's website.

7. LOANS

A loan is a contribution to your campaign. Please see Chapter 3.D.5 for more information about loans. For each loan, you must keep in your files a copy of the loan agreement and the following information:

- The amount of the loan;
- The lender;
- The interest rate;
- The due date; and
- The contributor information in Sections G.1-3 above for guarantors and persons liable for the loan.

H. RETURNING 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 or stop-payment contribution checks. If you deposit a contribution that is later returned, it must be reported on Form 460 as having been received and as a payment made to the contributor.

CHAPTER 4 – 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 IN THE MATCHING FUNDS PROGRAM

You must file a 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 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 FOR MATCHING FUNDS

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

The qualification criteria are as follows:

1. Be certified to appear on the ballot.
2. Be opposed by a candidate who is also certified to appear on the ballot.
3. File all required campaign statements.
4. Attend, along with your committee treasurer, an Ethics Commission candidate training.
5. Participate in a debate with one or more opponents who have qualified to appear on a ballot for elected City office or, if no opponent agrees to debate you, conduct a town hall meeting. A debate must last at least 60 minutes, be moderated by an independent third party, and be open to the public. A town hall meeting must be open to the public, the media, and other candidates and last at least 60 minutes, a majority of which must be focused on you responding to questions posed by attendees.
6. Receive qualifying contributions of \$5 or more each from 100 individuals living in the council district for which election is sought. A qualifying contribution must be received from a City resident, within the fundraising window, and after you have filed a Form 12. 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).
7. Raise at least \$11,400 in qualifying contributions from individuals residing in the City. Up to \$114 per contributor may be used toward this threshold.
8. Limit campaign spending to \$537,000 in the primary and \$448,000 in the general.

- g. Limit contributions from your personal funds to \$34,800 in the primary and \$34,800 in the general.

To be qualified, you must submit a "Matching Funds Request for Qualification or Claim for Payment" (Form 22) with proper supporting documentation, including the certification identified in Section F.2. LAAC § 24.32(b). The Ethics Commission will determine whether a claim meets all of the qualification requirements.

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 LIMITS FOR PARTICIPATING CANDIDATES

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 \$537,000 in the primary election and \$448,000 in the general election.

1. ALL CAMPAIGN EXPENDITURES COUNT TOWARD THE CEILING

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. The only exception is the filing fee paid to be certified to appear on the ballot. Public funds may not be used to violate any law, to pay fines or penalties, or to pay inauguration expenses.

2. YOUR EXPENDITURE CEILING MAY BE LIFTED

In very specific circumstances, your expenditure ceiling may be lifted:

- 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 in writing 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. You may send this notification via email.

- b. **Independent expenditure communications (IEs) to support or oppose a single candidate in your race total more than \$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).

If either of those circumstances occurs, the Ethics Commission will lift the expenditure ceiling and notify all participating candidates that it no longer applies. You may not exceed the expenditure ceiling until after you have received notice from the Ethics Commission that it has been lifted.

If you are elected to office and 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 loan amount is considered a personal contribution to your campaign. LAMC § 49.7.9(F).

D. MAXIMUM FUNDING FOR A PARTICIPATING CANDIDATE

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. For the 2020 elections, the maximum funding is \$151,000 in the primary election and \$189,000 in the general election.

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 FUNDS FORMULA

Up to \$114 per contributor (one-seventh of the \$800 per-person contribution limit) may be matched for a City Council candidate. LAMC § 49.7.27. Qualified contributions are matched at a 6-to-1 rate in both the primary election and the general election. LAMC § 49.7.27. The 6-to-1 match rate gives a qualified \$114 contribution nearly the same value as a maximum contribution of \$800.

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 they are allowed (*i.e.*, before you file a Form 12).
- Contributions received more than three months after the election.
- Loans, pledges, and non-monetary contributions.
- Returned contributions.
- Unpaid contributions (*i.e.*, bounced checks).

F. CLAIMING MATCHING FUNDS

You must submit a Form 22 in order to claim a payment of matching funds. Your request for qualification may also serve as your first claim for payment. 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.

1. REQUIRED DOCUMENTATION

a. A list of all contributions for which matching funds are requested.

The following must be provided for every contribution (LAAC § 24.34(a)(8)):

- i. The contributor's name, residence address, occupation, and employer (or, if contributor is self-employed, the name of the contributor's business);
- ii. The complete contributor certification identified in Chapter 3.G.6;
- 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.

b. The list and the supporting documentation must be submitted electronically in alphabetical order, by contributor last name, to ethics.matchingfunds@lacity.org.

2. CERTIFICATION

You and your treasurer must sign the Form 22, to certify that all contributions are from City residents and have been deposited into the campaign checking account and that, to the best of your knowledge, all supporting documentation is true and complete.

3. TIMING

You may submit a Form 22 at any time before the election. The Ethics Commission staff will process your submissions as they are received, but will not issue you a check until you have been certified to appear on the ballot. LAAC § 24.32(b).

4. MINIMUM DOLLAR AMOUNT PER CLAIM

Each claim must represent a certain amount of matchable contributions. LAAC §§ 24.34(c)(2)(A)-(B).

- Up to 15 days before the election, a claim must represent at least \$10,000 in matchable contributions.
- During the 14 days immediately preceding the election, a claim must represent at least \$1,000 in matchable contributions.
- 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. COLLECTING MATCHING FUNDS PAYMENTS

Payments are available to pick up at the Ethics Commission's office within six business days after a request and all required documents are submitted. LAAC § 24.34(f)(1). You

will be notified when a payment is available. You must provide written notice of individuals who are authorized to pick up the payment, and they must present photographic identification to pick up payment.

6. SUBMITTING FALSE CLAIMS

Making a false claim is a misdemeanor, and all matching 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. USE OF MATCHING FUNDS

Matching funds may only be spent for purposes reasonably related to influencing the outcome of your race. Using the funds in any other way is a misappropriation of public money. LAAC § 24.38(a).

2. EXCESS PAYMENT

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 15 calendar days of notice. Candidates who do not refund excess public funds are subject to legal action for collection. LAAC § 24.36(d).

3. SURPLUS MATCHING FUNDS

Surplus matching funds (determined using the first-in, first-out accounting method) are the amount of unspent matching funds that you have after you have withdrawn your candidacy or an election has occurred and expenditures incurred in that election have been paid. If you receive matching funds and do not have campaign debt, those funds are surplus matching funds. You must repay all surplus matching funds to the Public Matching Funds Trust Fund within 90 calendar days after the election or, if you withdraw from the election, within 10 calendar days after the withdrawal. LAAC § 24.36(b).

4. POST-ELECTION CONTRIBUTIONS

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.

H. KEY DATES FOR THE MATCHING FUNDS PROGRAM

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, 2018 — Opening of the fundraising window. 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.*

November 18, 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 28, 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 18, 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 18, 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.

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

November 3, 2020 — GENERAL ELECTION (if necessary)

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

CHAPTER 5 – EXPENDITURES

A. ABOUT EXPENDITURES

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.

The state is considering whether to permit candidates to use campaign funds to pay childcare expenses that result from engaging in campaign activities. Please contact the Ethics Commission before using campaign funds for that purpose.

3. SPOUSE OR DOMESTIC PARTNER

You may not use your campaign funds to compensate your spouse or domestic partner for any services rendered. Cal. Gov't Code § 84307.5.

4. 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).

5. 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)(g).

C. PAYMENT METHODS

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

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. For additional information about campaign checking accounts, please refer to Chapter 1.B.

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 not 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 required to itemize each credit card expenditure of \$100 or more, including disclosing complete vendor information on Schedule E of Form 460.

2. CASH

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). Receipts and other documentation must be maintained to account for expenditures made from the petty cash fund.

D. RETAINING RECORDS

You are required to keep expenditure records of all individual and accrued expenses. In addition, any 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.

1. INDIVIDUAL EXPENSES

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, sub-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:

- Receipts, bills, invoices, and work orders for expense transactions.
- Receipts and invoices for credit card payments.
- Receipts and invoices for petty cash payments.
- Canceled checks, bank statements, credit card statements, and check registers.
- Contracts.
 - Employment or independent contractor agreements.
 - Rental and lease agreements.
 - Other contracts for goods and services 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. ACCRUED EXPENSES

Campaign statements must contain the total amount of expenditures made during the period covered by the campaign statement, as well as an itemization of each expenditure of \$100 or more. 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 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" expenses.

Accrued expenditures count toward the expenditure limit for matching funds participants. See Section 4.C for more information. Accrued expenditures also count toward your expenditure notification requirements.

a. Reporting Accrued Expenses.

You must report accrued expenses of \$100 or more on Schedule F of 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: In December 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 31, 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.

b. 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.

c. Credit Card Bills.

Credit card bills that are not paid in full may need to be accrued and reported on Schedule F, and vendors owed \$100 or more must be reported in detail. Do not use Schedule G to report accrued expenditures for credit cards.

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

E. 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*). Please refer to Chapter 1.B for more information about the campaign checking account. Personal funds must be reported as a contribution to your campaign. Please refer to Chapter 3 for more information regarding contributions.

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).

Itemized expenses of \$100 or more must be reported on Schedule E of Form 460. Unreimbursed goods, services, and travel expenses must be reported as non-monetary contributions, and are subject to applicable contribution limits.

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 between you or your committee and the agent or independent contractor that provides for the reimbursement;
- 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).

An unreimbursed expenditure is considered an in-kind contribution and is subject to the contribution limit.

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.

CHAPTER 6 – CAMPAIGN COMMUNICATIONS

A. DISCLAIMERS

A campaign communication that is 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. REQUIRED STATEMENTS

The disclaimer must include all of the following disclaimer statements (LAMC § 49.7.33(A)):

- "Paid for by" immediately followed by the full name, address, and city of your committee (or you, if you do not have a committee).
- "Additional information is available at ethics.lacity.org."

The disclaimer must read as follows:

"Paid for by [your name or your committee's name], [address & city]. Additional information is available at ethics.lacity.org."

2. DISPLAY CRITERIA

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 following criteria, based on the size of the communication.

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.

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.

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.
- Spoken at either the beginning or the end of the communication.

Disclaimers for audio communications (e.g., telephone or radio) do not have to include your committee's address and city.

c. Video.

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.

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.

3. EXCEPTIONS

A disclaimer is not required on the following (LAMC § 49.7.33(E)(1)):

- Slate mailers;
- Wearing apparel;
- Small promotional items (e.g., pens, mugs, potholders); or
- Other items on which a disclaimer cannot be reasonably displayed in a legible typeface.

An abbreviated disclaimer may be used for small electronic ads where a full disclaimer is impractical. LAMC § 49.7.33(E)(2). At a minimum, an abbreviated disclaimer must include the words "Paid for by" immediately followed by the committee identification number provided by the FPPC. 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.

4. OTHER REQUIREMENTS

a. Envelopes.

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

b. Reporting Changes to Disclaimer Information.

If the information in a disclaimer changes, you must amend the campaign communication within five business days. LAMC § 49.7.33(F).

For more information about disclaimers, please refer to ethics.lacity.org/campaigns/disclaimers/.

B. SOCIAL MEDIA

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 [your name or your committee's 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.

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 or an attachment with a campaign communication, the linked communication must include the appropriate disclaimer.

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. RETAINING RECORDS

For each campaign communication, you must retain the following records:

- An original sample;
- The distribution date;
- The number of pieces distributed;
- The method of distribution; and
- Related expenditures.

D. DISCLOSURE REQUIREMENTS

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).

1. FILING DEADLINES

Campaign communications must be filed according to the following deadlines. LAMC § 49.7.32(B).

Within 24 hours of distribution: From the first day of candidate filing week through the date of the deciding election in that race.

Within 5 days of distribution: All other times.

2. FILING DETAILS

Filings must include the documentation noted below. Acceptable formats include: PDF, MP3, and MP4.

| | |
|------------------------------|---|
| Phone Calls: | A copy of the script and, if the call is recorded, the recording. |
| Audio Communications: | A copy of the script and a copy of the audio file. |
| Videos: | A copy of the script and a copy of the video file. |
| Mailers: | A copy of the mailer. |
| Emails: | A copy of the email. |

The Ethics Commission is merely a repository for campaign communications, which are made 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).

CHAPTER 7 – LIMITS ON POLITICAL ACTIVITY

Certain political activities may not take place on City time, in City facilities, or with City resources. Some limitations apply specifically to “City officials.” City officials are elected City officers or agency board members, officers, employees, commissioners, or consultants who are required to file a California Form 700.

A. PROHIBITED POLITICAL ACTIVITY

No one may do either of the following:

- a. Solicit contributions from a City official or employee to support or oppose a City candidate or officeholder. LAMC § 49.7.11(B)(1).
- b. 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), LAMC § 49.5.5(B)(3).
 - This prohibition does not apply to a City room or building that is available to the public for organized campaign activities.
 - This prohibition does not apply to a contribution received by mail, if it is forwarded to the campaign within seven days.

B. LIMITATIONS ON CITY OFFICIALS AND EMPLOYEES

1. CITY OFFICIALS AND EMPLOYEES

In addition to the prohibitions in Section A, certain rules apply specifically to City officials and employees. A City official is an elected City officer or an agency board member, officer, employee, commissioner, or consultant who is required to file a California Form 700. City officials may not engage in political activity in the following situations:

- a. While on duty for the City. LAMC § 49.5.5(B)(1).
- b. 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).
- c. Using City resources (*e.g.*, equipment, vehicles, supplies, mailing lists, email, electronic data, etc.). LAMC § 49.5.5(B)(4).

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 prohibited for members of the Ethics Commission.)*

2. CITY COMMISSIONERS AND HEADS OF DEPARTMENTS

In addition to the prohibitions in Sections A and B.1, City commissioners who are required to file a Form 700 and heads of City departments may not engage in do the following:

- a. **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.

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

CHAPTER 8 – AFTER THE ELECTION

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

A. FUNDRAISING AND EXPENDITURES

1. FUNDRAISING

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 Chapter 3.D for more information.
- b. **Contributions solicited or received after the election may only be used for certain purposes.** These purposes are limited to retiring campaign debt incurred for that election or paying the campaign compliance, fundraising, or inauguration expenses for that election. LAMC § 49.7.10(C).

2. EXPENDITURE CEILING

The expenditure ceiling continues to apply for matching funds participants (unless the Ethics Commission has notified you that they have been lifted). Restrictions on repaying personal loans apply after an election. Please see Chapter 5 for more information on both the expenditure ceiling and personal loans.

B. ADVANCING TO THE GENERAL ELECTION

If you advance to the general runoff election, you must take the following steps:

1. FORM A NEW COMMITTEE FOR THE GENERAL ELECTION

- a. **File a California Form 410.** The original plus one copy must be filed with the Secretary of State's office, and a copy must be filed 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 committee.** However, you may not use your primary committee for the general election.

2. OPEN A NEW CHECKING ACCOUNT FOR THE GENERAL COMMITTEE

- a. **Include the new checking account information on the Form 410 for your general committee.** If you do not have a new checking account when you file your original Form 410, you must amend it with the bank information within ten days of when you have it.
- b. **File a Form 14 with the Ethics Commission within 10 calendar days of opening the checking account for your general election committee.** You do not have to close your primary election checking account. However, you are responsible for maintaining adequate documentation to show that expenditures for the primary election are made from the primary checking account and expenditures for the general election are made from the general checking account.

3. FILE A NEW FORM 12 FOR YOUR GENERAL COMMITTEE

The Form 12 you filed for the primary election is automatically void after the primary election occurs. Charter § 470(c)(1).

4. FILE A NEW FORM 16 FOR YOUR GENERAL COMMITTEE

The new Form 16 must be filed concurrently with the new Form 12.

5. FILE REQUIRED CAMPAIGN DISCLOSURE STATEMENTS

These statements must be filed for all of your controlled committees (e.g., primary committee, general committee, state committees, etc.).

C. CANDIDATES ELECTED TO OFFICE

1. REMAINING CAMPAIGN FUNDS

Campaign funds remaining in your campaign checking account (excluding surplus matching funds) may be used as follows:

- Retire campaign debt for the election.
- Pay compliance, fundraising, or certain inauguration expenses for the campaign.
- Return contributions to contributors.

You may not repay more than \$34,800 toward loans you made from personal funds to your committee.

2. OFFICEHOLDER COMMITTEES

Once the City Clerk has certified the election results, you may establish an officeholder committee. LAMC §§ 49.7.2(H), 49.7.19. An officeholder committee may accept contributions similar to a campaign committee, but officeholder funds may be used only for expenditures associated with holding office and are limited to specific types of expenditures, such as staff compensation and office equipment. LAMC § 49.7.19(D).

If you elect to have an officeholder committee, you must redesignate your City campaign committee for that purpose. If you have both a primary and general committee, you must choose one to redesignate as your officeholder committee. You are responsible for maintaining separate account records for campaign and officeholder purposes once the officeholder committee is created. The campaign committee's 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.

Certain amounts of campaign funds may be transferred to your officeholder committee after campaign debts are retired and surplus matching funds are returned. LAMC § 49.7.19(H)(3). The maximum transfer may not exceed \$104,000 during a fiscal year. LAMC § 49.7.19(G)(2). Similarly, the total outstanding balance of your officeholder committee may not exceed \$104,000 during a fiscal year. LAMC § 49.7.19(G)(3).

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. RETURN SURPLUS MATCHING FUNDS

Surplus matching funds must be returned to the Public Matching Funds Trust Fund within 90 days after the election (or within 10 days after withdrawing from the election or 15 days from the date of a written notice from the Ethics Commission). LAAC §§ 24.36(b), (c).

2. ZERO OUT YOUR COMMITTEE'S CASH BALANCE

Your committee must have a zero ending cash balance on its final California Form 460.

a. **Dispose of remaining campaign funds.** You may dispose of them as follows:

- Retire campaign debt for the election.
- Pay compliance, fundraising, or certain inauguration expenses for the campaign.
- Return contributions to contributors.

b. **Stop receiving contributions or making expenditures through your committee.**

c. **Eliminate all your debts** or 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. FILE THE FOLLOWING DOCUMENTS

a. **All required campaign statements** disclosing all reportable transactions, including the disposition of funds.

b. **Form 410.**

- File the original and one copy with the Secretary of State.
- File a copy with the Ethics Commission.

c. **"Termination Statement" (Form 460).** An original must be filed with the Ethics Commission.

CHAPTER 9 – AUDITS

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

A. THE AUDIT PROCESS

Audits are conducted after the election is over and the filing deadline for the first post-election campaign statement has passed. An audit guide will be provided to your committee well in advance of the audit, so that you can familiarize yourself 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.

For more information about the audit process, please refer to the [Audit Policy](#) in Appendix 5.

B. YOUR RESPONSIBILITIES

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 the "Campaign Filing Checklist" on page 46.

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. Please refer to the "Record Retention List" on page 48 for more information.

CHAPTER 10 – 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:

- Filings required by City law are subject to late fees of \$25 per day, up to \$500 per filing. LAMC § 49.7.39.
- 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:

- Cease and desist from the violation.
- File required documents or information.
- 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 PROGRAM

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 Program:
(800) 824-4825
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).

A. Things to Remember

1 Before Raising or Spending Money

- Become familiar with the fundraising window for your election (Section 1.D).
- Review state and City laws pertaining to municipal elections (Introduction).
- Learn the contribution limits for your elective office (Section 3.D).
- File Forms 12, 13, 16, 17, and 501 (Page 46).
- Open one campaign checking account and file Form 14 (Section 1.B.1 and Page 46).

2 During Candidate Filing Week

- File all forms required by the City Clerk's Election Division (Section 1.E).
- File Form 700 (Section 1.E.2 and Page 46).
- File Form 20 (Section 1.E.3 and Page 46).

3 Throughout Your Campaign

- Upon raising or spending \$2,000, organize your campaign committee by filing California Form 410 (Section 1.A. 2 and Page 46).
- Collect and maintain proper documentation for all contributions, expenditures, and communications (Sections 3.G, 5.D, and 6.C, respectively).
- Provide notification of fundraising and expenditures (Section 4.C.2).
- Include disclaimers in campaign communications (Section 6.A).
- File the following by their required deadlines:
 - ➔ Form 460 or 470, whichever is applicable (Section 2.B.1.a).
 - ➔ Form 497 (Section 2.B.1.b).
 - ➔ Form 17 (Section 6.B and Page 46).
 - ➔ Form 44 (Section 1.E.4 and Page 46).
 - ➔ An electronic copy of each campaign communication distributed to 200 or more persons (Section 6.D).

B. Campaign Filing Checklist

The following forms must be filed with the Ethics Commission:

| Form | When to File |
|--|--|
| <p>Required before soliciting or receiving contributions.</p> <ul style="list-style-type: none"> ● Candidate Intention Statement (Form 501) | <p>Before soliciting or receiving contributions or making expenditures.</p> |
| <ul style="list-style-type: none"> ● Declaration of Intent to Solicit or Receive Contributions (Form 12) | <p>Before soliciting or receiving contributions.</p> |
| <ul style="list-style-type: none"> ● Statement of Understanding (Form 13) | <p>Concurrently with Form 12.</p> |
| <ul style="list-style-type: none"> ● Notification of Other Controlled Committees (Form 16) | <p>Concurrently with Form 12.</p> |
| <ul style="list-style-type: none"> ● Committee Contact Information (Form 17) | <p>Concurrently with Form 12 and within 10 calendar days of a change in information.</p> |
| <ul style="list-style-type: none"> ● Statement of Organization (Form 410) <i>The original +1 copy must be filed with the Secretary of State. A copy must be filed w/the Ethics Commission.</i> | <p>Within 10 calendar days of the day your committee receives or spends (or anticipates receiving or spending) \$2,000 or more in a calendar year.</p> |
| <p>Required by the end of candidate filing week.</p> <ul style="list-style-type: none"> ● Statement of Acceptance or Rejection of Matching Funds (Form 20) ● Statement of Economic Interests (Form 700) | <p>By the end of candidate filing week.</p> <p>By the end of candidate filing week.</p> |
| <ul style="list-style-type: none"> ● Controlled Committee Bank Account Information (Form 14) | <p>Within 10 calendar days of opening a campaign checking account.</p> |
| <ul style="list-style-type: none"> ● Statement of City-related Business (Form 44), <i>if applicable</i> | <p>Within 10 calendar days of conducting certain transactions with the City that affect your personal finances (once you are qualified for the ballot or as a write-in candidate).</p> |

C. Campaign Forms

| No. | Name |
|-----|--|
| 12 | Declaration Of Intent To Solicit & Receive Contributions |
| 13 | Statement Of Understanding |
| 14 | Committee Bank Account Information |
| 15 | Cancellation Of DOI |
| 16 | Notice Of Other Controlled Committees |
| 17 | Committee Contact Information |
| 18 | Application For CEFS ID |
| 20 | Acceptance Or Rejection Of Matching Funds |
| 22 | Matching Funds Request For Qualification Or Claim For Payment |
| 39 | Legal Defense Fund Statement Of Purpose |
| 57 | Independent Expenditure Communication Notification |
| 410 | Statement Of Organization |
| 450 | Recipient Committee Campaign Statement - Short Form |
| 460 | Recipient Committee Campaign Statement |
| 461 | Major Donor And Independent Expenditure Committee Campaign Statement |
| 462 | Verification Of Independent Expenditures |
| 470 | Officeholder And Candidate Campaign Statement - Short Form |
| 496 | 24-Hour Independent Expenditure Report |
| 497 | 24-Hour Contribution Report |
| 501 | Candidate Intention Statement |
| 511 | Paid Spokesperson Report |
| 803 | Behested Payment Report |

D. Record Retention List

Important Information and Documents

- 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 all contributions.
- Photocopies of contribution checks and credit card transaction receipts.
- 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 campaign communications and records to document the date of distribution, total number of pieces distributed, method of distribution, and filing with the Ethics Commission.
- Copies of campaign scripts, recordings, and print ads.
- Copies of notifications sent by your campaign to the Ethics Commission (Section 4.C.2).
- Documentation—such as canceled checks, invoices, receipts, bills, and contracts—for all campaign expenditures, including documentation of all sub-vendor activity.
- 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 *Aggregate Contribution Verification Form*, 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.

[Campaign Masthead]

I would like to make a contribution of: \$800 \$500 \$250 \$100 Other: \$ _____

Type of contribution:

- Cash (\$30 maximum).
- Check made payable to [committee name].
- Credit card:

Name on Card: _____ Exp. Date: _____

Card Number: _____ Security Code: _____

Billing Address: _____

Email: _____ Phone: _____

***** The information and certifications below are required by law. *****

I am an individual, and this contribution is from my personal funds.

Name: _____

Address: _____
Street (no PO boxes) City State Zip Code

- This is my residence address (required for public matching funds).
- This is *not* my residence address.

Occupation: _____

I am: Self-employed, and the name of my business is:

Not self-employed, and my employer is:

I am a business or other entity, and this contribution is from my expense funds.

Name: _____

Address: _____
Street (no PO boxes) City State Zip Code

I certify the following:

This 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.

This contribution does not cause me to exceed my contribution limit of \$XXX. I understand that all contributions I make to this candidate or committee must be cumulated. I understand that a contribution from another individual or entity whose contribution activity I control, such as a business that I own or control, must be aggregated with this contribution, and both contributions will be treated as a single contribution from me.

I am a United States citizen or a lawfully admitted permanent resident (i.e., green card holder).

I am not a lobbyist or lobbying firm that is prohibited from contributing under Los Angeles City Charter § 470(c)(11).

I am not a bidder, sub-contractor, principal, or underwriting firm that is prohibited from contributing under Los Angeles City Charter § 470(c)(12) or 609(e).

I certify under penalty of perjury under the laws of the City of Los Angeles and the state of California that all of the information above is true and correct.

Name

Date

Signature

Title (if signing for a business or other entity)

[A disclaimer may be necessary if this qualifies as a campaign communication.]

Acceptable Documentation for Electronic Contribution

Jane Doe for City Council 2019

*Content is required, but
formatting may vary.*

Contributor Information:

Name: John Smith
Street Address: 4321 Main Street
City State Zip: Los Angeles CA 90012
Occupation: Dentist
Employer: Smith Smiles, LLC

Transaction Information:

Transaction ID: 12345678
Account Type: Discover
Account Number Ending: ****0987
Name on Account: John Smith
Contribution Date: 03/01/2019 11:42
AM Contribution Amount: \$114.00

Contributor Certification:

Certified: Yes

I certify under penalty of perjury under the laws of the City of Los Angeles and the state of California that all of the following statements are true and correct.

- This contribution is not being made under a false name, or not being made under another person's name, and has not been and will not be reimbursed.
- This contribution does not cause me to cumulatively or in the aggregate exceed the contribution limit of \$800. I understand that a contribution from another individual or entity whose contribution activity I control, such as a business that I own or control, must be aggregated with this contribution, and both contributions will be treated as a single contribution from me.
- I am not a lobbyist or lobbying firm that is prohibited from contributing under Los Angeles City Charter § 470(c)(11).
- I am not a bidder, subcontractor, principal, or underwriting firm that is prohibited from contributing under Los Angeles City Charter § 470(c)(12) or 609(e).
- I am a United States citizen or a lawfully admitted permanent resident (*i.e.*, green card holder).
- This contribution is from my personal funds.
- The address provided is my residence address.
- The information provided regarding my address, occupation, and employer is correct.

