
Item 13

Information

Executive Director's Report

Executive Summary: This item highlights staff activities and other items of note since the last meeting.

Recommended Action: This item is for informational purposes only.

Presenter: Heather Holt, Executive Director

Executive Director's Report

This report summarizes activity in the Ethics Commission offices since the last meeting. It provides updates on various administrative issues and highlights accomplishments.

A. Personnel

We said farewell to Commissioner Dahan this month. She was appointed by Mayor Eric Garcetti in 2014, and we deeply appreciate the time she devoted to the Ethics Commission and her contributions to our enforcement and policy work. We wish her well as she embarks on a new career.

We also welcomed Ilya Danilkevich to the audit team on November 14. Ilya is an attorney who has specialized in tax law, working at the Washington & Lee University Tax Clinic, US Tax Shield, and Direct Tax Relief. Ilya has an undergraduate degree in sociology from the University of California, Los Angeles, and his law degree is from Washington & Lee University School of Law.

Finally, we continue work to fill the Policy Director position as quickly as possible. Initial interviews will be held this month.

B. Budget

Departmental budget requests for Fiscal Year 2017-18 were due November 18. In an effort to return to the resource levels that existed prior to the economic downturn, we have again requested additional staff: two auditors, two investigators, a management analyst for education, and a project assistant. We also requested funding to modernize our website, make it mobile-friendly, and improve public access to data.

The offices of the Mayor and the City Administrative Officer (CAO) will begin meeting with individual departments about their budgets in February 2017. The Mayor is required to submit a proposed budget to the City Council by April 20, and the City Council is required to adopt a budget by June 1. We will be working with the Mayor, CAO, and City Council over the next few months as the budget is developed for next year.

C. Audits

The audits for the 2013 elections continue. Of the 87 committees that must be audited, 60 audits have been completed and publicly released, three are pending resolution under the audit policy, and 24 are in various stages of the audit process. The most recent audit reports to be released address committees controlled by Joyce Pearson and Nury Martinez. Copies of the reports are provided in Attachments A through D, and all final audit reports can also be viewed on our web site.

D. Enforcement

Every enforcement matter begins as a complaint. We receive complaints in a variety of ways, including through our whistleblower program, through internal reviews of documents that are filed with us, through audits that we conduct, through referrals that we receive, and through media reports.

The complaints we received in November of this year are identified by type in the table below.

Types of New Complaints	Nov 2016	YTD
Governmental Ethics Allegations	18	125
Campaign Finance Allegations	5	28
Lobbying Allegations	1	16
Allegations Outside Our Jurisdiction	3	212
TOTAL	27	381

In November, we resolved 17 complaints and added 27 new complaints. We ended the month with 86 active complaints, as noted in the following table.

Status of Active Complaints	Nov 2016	Previous Month
Active Complaints (on last day of month)	86	76
<i>New Complaints</i>	27	21
<i>Cold Complaints (2+ years old)</i>	12	12
Resolved Complaints	17	12

We are required by law to review every complaint we receive. Based on each review, an enforcement case may be opened. As noted in the next table, one new enforcement case was opened in November, and we ended the month with a total of 16 open cases.

Enforcement Cases	Nov 2016	Previous Month
Open Cases (on last day of month)	16	15
New Cases	1	0
Resolved Cases:		
<i>Closed</i>	0	0
<i>Stipulation</i>	0	0
<i>Adjudication</i>	0	0

There are various stages to the life of an open enforcement case. In November, 12 of the open cases were under investigation, and one hearing/decision was pending. The table on the next page provides more detail.

Enforcement Case Status	Nov 2016	Previous Month
Closing Memo Pending	0	0
Ongoing Investigation	12	12
Settlement Offered	2	1
PC Report Served	1	1
Hearing/Decision Pending	1 ¹	1
TOTAL	16	15

An enforcement case may address any of the laws within our jurisdiction. As noted in the following table, November's open enforcement cases included seven governmental ethics allegations, seven campaign finance allegations, and two lobbying allegations.

Types of Open Enforcement Cases	Nov 2016	Previous Month
Ethics Violations		
<i>Misuse of authority violation</i>	1	1
<i>Disclosure of confidential information</i>	2	2
<i>Revolving door violation</i>	3	3
<i>Restricted source gift violation</i>	1	1
Campaign Finance Violations		
<u>2011 Elections</u>		
<i>Money-laundering violation</i>	1	1
<u>2013 Elections</u>		
<i>Contribution violation</i>	3	3
<i>Campaign record violation</i>	2	2
<u>2015 Elections</u>		
<i>Contribution violation</i>	1	1
Lobbying Violations		
<i>Reporting violation</i>	2	1
TOTAL	16	15

An enforcement case may be resolved by imposing administrative penalties. A total of \$94,650 in administrative penalties has been assessed this year.

Penalties Imposed	YTD
Stipulations	\$78,750
Adjudications	\$15,900
TOTAL	\$94,650

¹ A final decision in Case No. 2015-02 (*In the Matter of Lewis James Parker III*) is a separate item on this agenda.

E. Advice and Disclosure

From January through November of this year, we had 21,664 compliance assistance contacts (an average of 1,969 per month) and processed 15,374 filings (an average of 1,398 per month). During the same time period of time in 2014, when we were heading into the 2015 elections, we had 18,792 compliance assistance contacts and processed 12,864 filings. The following tables detail last month's work in each of our three program areas.

Governmental Ethics	Nov 2016	YTD
Pre-confirmation Transmittals	3	72
Statements of Economic Interests Filings	25	6,019
Departmental Contract Disclosure Filings	3	134
Individuals Trained (live)	106	270
Individuals Trained (online)	124	3,492
Informational Bulletins/Press Releases	1	19
Compliance Assistance Contacts	683	13,687

Campaign Finance	Nov 2016	YTD
Candidacy Filings	188	563
Individuals Trained	40	140
Disclosure Reports by Candidates/Election Committees	65	408
Disclosure Reports by Officeholders/Old Committees	18	543
Campaign Communication Filings	72	383
Independent Expenditure Filings	2	8
Bidder/Underwriter Filings	179	2,705
Behested Payment Reports	3	64
Informational Bulletins/Press Releases	2	15
Compliance Assistance Contacts	689	4,888

Lobbying	Nov 2016	YTD
Lobbyists	8	462
Lobbying Firms	1	136
Lobbyist Employers	1	82
Clients	20	1,707
Individuals Trained	2	396
Disclosure Reports	2	2,088
Informational Bulletins/Press Releases	0	21
Compliance Assistance Contacts	220	3,089

Lobbying Registration Fees	2016 YTD
Lobbyists	\$205,640
Clients	\$127,056
TOTAL	\$332,696

F. Web Site Traffic

From January through November, our web site pages were viewed over 555,000 times. The most popular pages, aside from our home page, continue to be the campaign finance pages.

G. Looking Ahead

The first quarter of the calendar year is one of the heaviest filing periods for us—and that is only increased when, as in 2017, there is an election. We will be handling a significant increase in disclosure filings by candidates, disclosure filings by independent spenders, and matching funds claims from candidates. We will also be handling the final 2016 disclosure statements by lobbying entities and the bulk of the new 2017 lobbying registrations.

We will also be working with the Mayor’s office and the CAO’s office on the FY2017-18 budget, processing disclosure filings regarding department contracts, starting the 2015 audit cycle, and gearing up for the annual filing of statements of economic interests. Attachment E is a timeline of key events on the horizon for the staff and our regulated communities.

This has been yet another year of diligence and progress on the part of both the commissioners and the staff. Thank you all for a successful 2016—I look forward to another great year with you in 2017!

Attachments:

- A Audit report: “Pearson for Council District 3 – 2013”*
- B Audit report: “Nury Martinez for City Council 2013”*
- C Audit report: “Nury Martinez for City Council 2013 – General”*
- D Audit report: “Nury Martinez for City Council 2013 Officeholder Account”*
- E Timeline*



Los Angeles City Ethics Commission

AUDIT REPORT

“Pearson for Council District 3 - 2013”

*2013 Primary Election Committee
(ID #1341932)*

September 8, 2016

200 North Spring Street, Suite 2410 • Los Angeles CA 90012 • phone (213) 978-1960 • fax (213) 978-1988 • ethics.lacity.org

LOS ANGELES CITY ETHICS COMMISSION AUDIT REPORT

“Pearson for Council District 3 - 2013” 2013 Primary Election Committee

AUDIT AUTHORITY

The Ethics Commission audited “Pearson for Council District 3 - 2013” (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state’s Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances. The Ethics Commission is required to “conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for elective City office.” Charter § 470(n)(2). An audit is mandatory for each candidate who raised \$100,000 or more in contributions, made \$100,000 or more in expenditures, or received public matching funds. Los Angeles Administrative Code (LAAC) § 24.41(A)(1); Charter § 702(d). In addition, each committee that is controlled by a candidate who is subject to a mandatory campaign audit must also be audited. LAAC § 24.41(A)(2).

AUDIT PERIOD

The audit covered the period of January 1, 2011, through December 31, 2013.

No other committees were audited for Joyce Pearson during this election cycle.

COMMITTEE BACKGROUND

Joyce Pearson was a candidate for Third City Council District in the primary election that was held on March 5, 2013. The Committee was the campaign committee that Ms. Pearson controlled for that election. Ms. Pearson participated in the public matching funds program and received public funds for the primary election. She was opposed in the race by five other candidates: Bob Blumenfield, Elizabeth Badger, Cary Iaccino, Steven Presberg, and Scott Silverstein. Ms. Pearson received 20 percent of the 24,985 votes cast in the primary election.

Ms. Pearson filed a “Declaration of Intent to Solicit and Receive Contributions” with the Ethics Commission on September 15, 2011. The Committee filed a “Statement of Organization” with the Secretary of State on September 15, 2011, and the Committee’s identification number is 1341932.

The Committee’s original treasurer was David L. Gould, whose office is located at 3700 Wilshire Boulevard, Suite 1050-B, Los Angeles, California 90010. The “Statement of

Organization" was amended five times to change the Committee treasurer's information: on April 30, 2012, Armineh Chelebian, whose office was located on 2042 Malden Street, Winnetka, California 91306, was named as treasurer; on December 31, 2012, Gary Crummitt, whose office was located at 110 Pine Avenue, Suite 110, Long Beach, California 90802, was named treasurer; on January 11, 2013, Joyce Pearson, whose office was located at 5550 Topanga Canyon Boulevard, Suite 325, Woodland Hills, California 91367, was named treasurer; on February 25, 2013, Gary Crummitt, whose office was located at 110 Pine Avenue, Suite 110, Long Beach, California 90802, was renamed as the Committee's treasurer; and on August 2, 2013, the Committee treasurer, Gary Crummitt's address was changed to 525 East Seaside Way, Suite 101-C, Long Beach, California 90802.

The Committee's original address of record was 3700 Wilshire Boulevard, Suite 1050-B, Los Angeles, California 90010. The "Statement of Organization" was amended once on April 30, 2012, to change the Committee's address of record to 5550 Topanga Canyon Boulevard, Suite 325, Woodland Hills, California 91367.

The Committee's original bank was California Bank & Trust. The "Statement of Organization" was amended twice to change the Committee's bank; on April 30, 2012, the bank was changed to Chase Bank; and on December 31, 2012, the bank was changed to California Bank & Trust.

The Committee filed a "Termination Statement" with the Secretary of State on January 14, 2014, and the Committee was terminated effective December 31, 2013.

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the City, as required by Charter § 470(g). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$0, total cash receipts of \$200,399, total cash disbursements of \$200,399, and a closing cash balance of \$0. Cash receipts include monetary contributions and miscellaneous increases to cash (matching funds, account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

The audit included tests of the Committee's records and transactions. The audit included but was not limited to the following general categories:

1. Compliance with laws governing the receipt of contributions, including loans;
2. Proper disclosure of contributions, including itemization when required, as well as the completeness and accuracy of the information disclosed;
3. Proper disclosure of disbursements, including itemization when required, as well as the completeness and accuracy of the information disclosed;
4. Proper disclosure of debts and obligations;

5. Accuracy of total reported receipts, disbursements, and cash balances, as compared to bank records;
6. Adequate recordkeeping for transactions;
7. Compliance with matching funds regulations and spending limits;
8. Complete and timely filing of state and City forms, statements, and reports;
9. Compliance with disclaimer and disclosure requirements for campaign communications;
and
10. Other audit categories deemed necessary.

Audit reports and information gathered through audits are referred to the Ethics Commission's enforcement division and may be referred to other appropriate law enforcement agencies.

CURED CONTRIBUTIONS

The Ethics Commission's Excess Contribution Policy permits candidates and committees to cure contributions that are prohibited or exceed a contribution limit. In addition to meeting other criteria, the contribution must be returned within a specified period of time to either the contributor or the City's general fund. Contributions that are properly cured are not treated as violations, but they must be identified in audit reports. *See* Excess Contribution Policy § C.3.

The Committee properly cured the contributions that are identified in Attachment A.

AUDIT FINDINGS

Audit findings describe instances in which auditors concluded that a committee failed to comply with state or City law. A committee's activities may also be monitored by the Ethics Commission's enforcement division and other enforcement agencies. A four-year statute of limitations applies to an Ethics Commission enforcement matter, unless the alleged violation involved concealment or deceit. LAAC § 24.26(a)(2)(A).

Auditors concluded that the following findings were material in this audit.

Campaign Communications

A. Law

City candidates and committees must file with the Ethics Commission a copy of each campaign communication that is made or distributed to 200 or more persons. LAMC § 49.7.32(A).

B. Finding

The Committee's records identify three campaign communications that were distributed to 200 or more persons but were not filed with the Ethics Commission. See Attachment B.

C. Committee Response

Gary Crummitt, who was treasurer at the time of the campaign mailings for item #3 stated, "The campaign communication identified on Attachment B was not forwarded to me by the consultant for filing."

Joyce Pearson stated, "My staff assured me throughout the campaign that all of the information necessary to catalog the campaign would remain on residual computers in the event the information became needed. Notwithstanding, they were unable to confirm to me that the documents on Attachment "B" were uploaded to the Ethics Commission, and were unable to provide me with copies of the documents."

Attachments:

A Cured Contributions

B Campaign Communications

Attachment A

Cured Contribution

Pearson for Council District 3 - 2013 (ID #1341932)

Set	Reason For Curing*	Contributor	Date Received	Amount	Cure Date	Cure Deadline
1	Aggregated	George Apelian	7/28/2012	\$450.00		
		Apelian DDS Inc	8/4/2012	\$250.00		
		George B. Apelian	12/31/2012	\$100.00	2/20/2013	3/26/2013
2	Cumulative	Roland [sp] G. Guilbert	12/30/2011	\$200.00		
		Ronald Guilbert	6/29/2012	\$200.00		
		Ronald Guilbert	7/27/2012	\$50.00		
		Ronald Guilbert	9/30/2012	\$50.00		
		Ronald G. Guilbert	10/27/2012	\$100.00		
		Ronald G. Guilbert	12/27/2012	\$50.00		
		Ronald G. Guilbert	1/15/2013	\$100.00	1/29/2013	4/9/2013

***Reasons for Curing a Contribution:**

Aggregated: Contributions from multiple persons must be treated as having been made by a single person when certain shared interests exist, such as those between a sole proprietorship and the sole proprietor, for purposes of the \$700 per-person contribution limit.

Cumulative: Contributions from a single person may not exceed \$700 to this committee in this election.

Prohibited: Contributions from certain persons, such as lobbyists or contractors, are prohibited.

Attachment B

Campaign Communications

Pearson for Council District 3 - 2013 (ID #1341932)

No.	Name of Mailer	Payee	Check #	Check Date	Item Amount	Description Per Committee Records
1	"Fundraising Letter 1/17/13"	Liberty Campaign Solutions, LLC	5012	1/29/2013	\$495.00	1,100 Reimbursement USPS All Contacts Fundraising Letter 1/17/13, \$495.00
2	"Vote by Mail"	Liberty Campaign Solutions, LLC	5013	1/29/2013	\$2,653.56	7,371 Labeling/Postage Vote by Mail Application: 8.5 x 11 on 10pt card w/ perf, \$2,653.56
		Freeman Public Affairs	5015	1/29/2013	\$2,800.00	8,000 Printing 8.5 x 11 on 10pt card w/ perf Vote by Mail, \$2,800.00
		Freeman Public Affairs	5020	2/13/2013		8,000 Printing 8.5 x 11 on 10pt card w/perf Vote by Mail, \$2,800.00
3	"GOTV Doorhanger"	Liberty Campaign Solutions, LLC	5028	4/3/2013	\$3,024.00	10,000 Design/Printing 6 x 13.5 GOTV Doorhanger on 10pt card, \$3,024.00

Los Angeles City Ethics Commission
EARLY RESOLUTION AUDIT AGREEMENT

The Los Angeles City Ethics Commission (Ethics Commission) issued an audit report for the following campaign committee on September 8, 2016: "Pearson for Council District 3 - 2013". The report contains findings of potential violations of the City's campaign finance laws, and this agreement resolves those findings under the Ethics Commission's Audit Policy.

<u>Participants</u>			
Joyce Pearson "Pearson for Council District 3 - 2013"			
<u>Election</u>			
2013 City Council District 3 Regular Election			
<u>Finding</u>	<u>City Law</u>	<u>Number of Findings</u>	<u>Required Payment</u>
Failure to file with the Ethics Commission a campaign communication distributed to 200 or more persons.	LAMC § 49.7.32(A)	3	\$3,000
<i>Total:</i>			<i>\$3,000</i>

STATEMENT BY PARTICIPANTS

I admit to the findings described above and accept responsibility for them. I voluntarily request that the Ethics Commission resolve this matter in accordance with the Audit Policy.

I understand that I must return an original signed copy of this agreement, along with a cashier's check payable to "City of Los Angeles General Fund" for the total amount above, to the Ethics Commission by October 24, 2016.

I voluntarily waive all procedural rights under Los Angeles City Charter § 706 and Los Angeles Administrative Code §§ 24.21–24.29, including but not limited to the right to receive a probable cause report, a determination of probable cause, and a public accusation; the right to have liability determined through an administrative hearing; and the right to personally appear at an administrative hearing, to subpoena and cross-examine witnesses, and to have the Ethics Commission decide the case.

I voluntarily waive, to the full extent of the law, the right to seek judicial review of, appeal, or collaterally attack the findings in the audit report, the related payment, or any action by the Ethics Commission or its staff regarding the audit findings.

I understand that if I breach this agreement at any time, the Ethics Commission may commence enforcement proceedings for the findings that are the subject of this agreement and may use any factual admissions I made in this agreement in an enforcement proceeding.

ERA Agreement | Joyce Pearson 2013
1 of 2

I understand that the Ethics Commission may commence enforcement proceedings against me for other violations not identified in this agreement and for the audit findings identified in this agreement if evidence emerges that I was not truthful regarding those findings.

I understand that this agreement is not binding on any other regulatory authority but that I may ask the Ethics Commission to alert other authorities to the agreement.

I understand that I may not alter this agreement in any way. I understand that this agreement will be incorporated into all related final audit reports and will be a public record.

Date: 9/21/16


Joyce Pearson

On behalf of the following:

- Joyce Pearson
- "Pearson for Council District 3 - 2013"

STATEMENT BY EXECUTIVE DIRECTOR

I accept this original executed agreement and the accompanying payment as resolution of all findings identified in the related audit reports, subject to the terms of the Audit Policy.

Date: 13 Oct 2016


Heather Holt



Los Angeles City Ethics Commission

AUDIT REPORT

“NURY MARTINEZ FOR CITY COUNCIL 2013”

2013 Special Primary Election Committee
(ID #1354456)

November 14, 2016

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LOS ANGELES CITY ETHICS COMMISSION

AUDIT REPORT

“Nury Martinez for City Council 2013”

2013 Special Primary Election Committee

AUDIT AUTHORITY

The Ethics Commission audited “Nury Martinez for City Council 2013” (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state’s Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances. The Ethics Commission is required to “conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for elective City office.” Charter § 470(n)(2). An audit is mandatory for each candidate who raised \$100,000 or more in contributions, made \$100,000 or more in expenditures, or received public matching funds. Los Angeles Administrative Code (LAAC) § 24.41(A)(1); Charter § 702(d). In addition, each committee that is controlled by a candidate who is subject to a mandatory campaign audit must also be audited. LAAC § 24.41(A)(2).

AUDIT PERIOD

The audit covered the period of January 1, 2013, through September 30, 2013.

Two other committees were audited separately but as part of the same election cycle: “Nury Martinez for City Council 2013-General” (ID # 1357985) and “Nury Martinez for City Council 2013 Officeholder Account” (ID # 1354456).

COMMITTEE BACKGROUND

Nury Martinez was a candidate for the Sixth City Council District in the special primary election that was held on May 21, 2013. The Committee was the campaign committee that Ms. Martinez controlled for that election. Ms. Martinez participated in the public matching funds program and received public funds for the special primary election. She was opposed in the race by five other candidates: Cindy Montanez, Walter Escobar, Jose Roy Garcia, Richard Valdez, and Derek Waleko. Ms. Martinez received 24.3 percent of the 16,747 votes cast in the special primary election and advanced to the runoff with Cindy Montanez in the special general election that was held on July 23, 2013.

Ms. Martinez filed a “Declaration of Intent to Solicit and Receive Contributions” with the Ethics Commission on January 8, 2013. The Committee filed a “Statement of Organization” with the Secretary of State on January 8, 2013, and the Committee’s identification number is 1354456.

The Committee's treasurer is Nury Martinez, whose office is located at 777 South Figueroa Street, Suite 4050, Los Angeles, California 90017. The "Statement of Organization was amended on September 11, 2013 to change the Committee's name to "Nury Martinez for City Council 2013 Officeholder Account"

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the City, as required by Charter § 470(g). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$0, total cash receipts of \$301,891, total cash disbursements of \$296,911, and a closing cash balance of \$4,000. Cash receipts include monetary contributions and miscellaneous increases to cash (matching funds, account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

The audit included tests of the Committee's records and transactions. The audit included but was not limited to the following general categories:

1. Compliance with laws governing the receipt of contributions, including loans;
2. Proper disclosure of contributions, including itemization when required, as well as the completeness and accuracy of the information disclosed;
3. Proper disclosure of disbursements, including itemization when required, as well as the completeness and accuracy of the information disclosed;
4. Proper disclosure of debts and obligations;
5. Accuracy of total reported receipts, disbursements, and cash balances, as compared to bank records;
6. Adequate recordkeeping for transactions;
7. Compliance with matching funds regulations and spending limits;
8. Complete and timely filing of state and City forms, statements, and reports;
9. Compliance with disclaimer and disclosure requirements for campaign communications;
and
10. Other audit categories deemed necessary.

Audit reports and information gathered through audits are referred to the Ethics Commission's enforcement division and may be referred to other appropriate law enforcement agencies.

CURED CONTRIBUTIONS

The Ethics Commission's Excess Contribution Policy permits candidates and committees to cure contributions that are prohibited or exceed a contribution limit. In addition to meeting other criteria, the contribution must be returned within a specified period of time to either the contributor or the City's general fund. Contributions that are properly cured are not treated as violations, but they must be identified in audit reports. *See* Excess Contribution Policy § C.3.

The Committee properly cured the contributions that are identified in Attachment A.

AUDIT FINDINGS

Audit findings describe instances in which auditors conclude that a committee failed to comply with state or City law. A committee's activities may also be monitored by the Ethics Commission's enforcement division and other enforcement agencies. A four-year statute of limitations applies to an Ethics Commission enforcement matter, unless the alleged violation involves concealment or deceit. LAAC § 24.26(a)(2)(A).

Auditors concluded that the Committee did not have any material findings in this audit.

Attachment:

A Cured Contributions

Attachment A
Cured Contributions
Nury Martinez for City Council 2013 (ID #1354456)

Set	Reason For Curing*	Contributor	Date Received	Amount	Cure Date	Cure Deadline
1	Cumulative	Aaron Mandel	4/6/2013	\$250.00		
		Aaron Mandel	5/2/2013	\$500.00	7/5/2013	7/23/2013

*** Reasons for Curing a Contribution:**

Aggregated: Contributions from multiple persons must be treated as having been made by a single person when certain shared interests exist, such as those between a sole proprietorship and the sole proprietor, for purposes of the applicable per-person contribution limit.

Cumulative: Contributions from a single person may not exceed the applicable per-person contribution limit per fiscal year.

Prohibited: Contributions from certain persons, such as lobbyists or contractors, are prohibited.



Los Angeles City Ethics Commission

AUDIT REPORT

“NURY MARTINEZ FOR CITY COUNCIL 2013 – GENERAL”

*2013 Special General Election Committee
(ID # 1357985)*

November 14, 2016

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LOS ANGELES CITY ETHICS COMMISSION

AUDIT REPORT

“Nury Martinez for City Council 2013 - General”

2013 Special General Election Committee

AUDIT AUTHORITY

The Ethics Commission audited “Nury Martinez for City Council 2013 - General” (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state’s Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances. The Ethics Commission is required to “conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for elective City office.” Charter § 470(n)(2). An audit is mandatory for each candidate who raised \$100,000 or more in contributions, made \$100,000 or more in expenditures, or received public matching funds. Los Angeles Administrative Code (LAAC) § 24.41(A)(1); Charter § 702(d). In addition, each committee that is controlled by a candidate who is subject to a mandatory campaign audit must also be audited. LAAC § 24.41(A)(2).

AUDIT PERIOD

The audit covered the period of January 1, 2013, through June 30, 2014.

Two other committees were audited separately but as part of the same election cycle: “Nury Martinez for City Council 2013” (ID # 1354456) and “Nury Martinez for City Council Officeholder Account” (ID # 1354456).

COMMITTEE BACKGROUND

Nury Martinez was a candidate for the Sixth City Council District in the special general election that was held on July 23, 2013. The Committee was the campaign committee that Ms. Martinez controlled for that election. Ms. Martinez participated in the public matching funds program and received public funds for the special general election. She was opposed in the race by Cindy Montanez, who also participated in the matching funds program. Ms. Martinez won in the special general election with 55 percent of the 10,001 votes cast.

Ms. Martinez filed a “Declaration of Intent to Solicit and Receive Contributions” with the Ethics Commission on May 22, 2013. The Committee filed a “Statement of Organization” with the Secretary of State on May 23, 2013, and the Committee’s identification number is 1357985.

The Committee's treasurer was Nury Martinez, whose office was located at 777 South Figueroa Street, Suite 4050, Los Angeles, California 90017. Ms. Martinez filed a "Termination Statement" with the Secretary of State on July 10, 2014, and the Committee was terminated effective June 30, 2014.

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the City, as required by Charter § 470(g). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$0, total cash receipts of \$256,366, total cash disbursements of \$256,366, and a closing cash balance of \$0. Cash receipts include monetary contributions and miscellaneous increases to cash (matching funds, account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

The audit included tests of the Committee's records and transactions. The audit included but was not limited to the following general categories:

1. Compliance with laws governing the receipt of contributions, including loans;
2. Proper disclosure of contributions, including itemization when required, as well as the completeness and accuracy of the information disclosed;
3. Proper disclosure of disbursements, including itemization when required, as well as the completeness and accuracy of the information disclosed;
4. Proper disclosure of debts and obligations;
5. Accuracy of total reported receipts, disbursements, and cash balances, as compared to bank records;
6. Adequate recordkeeping for transactions;
7. Compliance with matching funds regulations and spending limits;
8. Complete and timely filing of state and City forms, statements, and reports;
9. Compliance with disclaimer and disclosure requirements for campaign communications; and
10. Other audit categories deemed necessary.

Audit reports and information gathered through audits are referred to the Ethics Commission's enforcement division and may be referred to other appropriate law enforcement agencies.

CURED CONTRIBUTIONS

The Ethics Commission's Excess Contribution Policy permits candidates and committees to cure contributions that are prohibited or exceed a contribution limit. In addition to meeting other criteria, the contribution must be returned within a specified period of time to either the contributor or the City's general fund. Contributions that are properly cured are not treated as violations, but they must be identified in audit reports. *See* Excess Contribution Policy § C.3.

The Committee properly cured the contributions that are identified in Attachment A.

AUDIT FINDINGS

Audit findings describe instances in which auditors conclude that a committee failed to comply with state or City law. A committee's activities may also be monitored by the Ethics Commission's enforcement division and other enforcement agencies. A four-year statute of limitations applies to an Ethics Commission enforcement matter, unless the alleged violation involves concealment or deceit. LAAC § 24.26(a)(2)(A).

Auditors concluded that the Committee did not have any material findings in this audit.

Attachment:

A Cured Contributions

Attachment A

Cured Contributions

Nury Martinez for City Council 2013 - General (ID #1357985)

Set	Reason for Curing*	Contributor	Date Received	Amount	Cure Date	Cure Deadline
1	Aggregated	Padilla for Senate	5/28/2013	\$700.00		
		Alejandro Padilla	6/8/2013	\$250.00	7/15/2013	8/27/2013
2	Aggregated	Raul Bocanegra	5/27/2013	\$250.00		
		Bocanegra for Assembly 2014	6/11/2013	\$700.00	7/31/2013	9/24/2013
3	Aggregated	Advanced Cleanup Technologies, Inc.	7/11/2013	\$700.00		
		Advanced Environmental Group, LLC	7/11/2013	\$700.00	8/13/2013	10/2/2013
4	Cumulative	David Axelrad	6/28/2013	\$800.00	7/18/2013	9/24/2013

*** Reasons for Curing a Contribution:**

Aggregated: Contributions from multiple persons must be treated as having been made by a single person when certain shared interests exist, such as those between a sole proprietorship and the sole proprietor, for purposes of the applicable per-person contribution limit.

Cumulative: Contributions from a single person may not exceed the applicable per-person contribution limit per fiscal year.

Prohibited: Contributions from certain persons, such as lobbyists or contractors, are prohibited.



Los Angeles City Ethics Commission

AUDIT REPORT

“NURY MARTINEZ FOR CITY COUNCIL 2013 OFFICEHOLDER ACCOUNT”

*Officeholder Account Committee
(ID # 1354456)*

November 14, 2016

200 North Spring Street, Suite 2410 • Los Angeles CA 90012 • phone (213) 978-1960 • fax (213) 978-1988 • ethics.lacity.org

LOS ANGELES CITY ETHICS COMMISSION AUDIT REPORT

“Nury Martinez for City Council 2013 Officeholder Account”

Officeholder Account Committee

AUDIT AUTHORITY

The Ethics Commission audited “Nury Martinez for City Council 2013 Officeholder Account” (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state’s Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances. The Ethics Commission is required to “conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for elective City office.” Charter § 470(n)(2). An audit is mandatory for each candidate who raised \$100,000 or more in contributions, made \$100,000 or more in expenditures, or received public matching funds. Los Angeles Administrative Code (LAAC) § 24.41(A)(1); Charter § 702(d). In addition, each committee that is controlled by a candidate who is subject to a mandatory campaign audit must also be audited. LAAC § 24.41(A)(2).

AUDIT PERIOD

The audit covered the period of July 18, 2013, through March 31, 2015.

Two other committees were audited separately but as part of the same election cycle: “Nury Martinez for City Council 2013” (ID # 1354456) and “Nury Martinez for City Council 2013-General” (ID # 1357985).

COMMITTEE BACKGROUND

Nury Martinez was a candidate for the Sixth Council District in the special primary and special general elections that were held on May 21, 2013 and July 23, 2013, respectively. Her campaign committees for that election (“Nury Martinez for City Council 2013” and “Nury Martinez for City Council 2013-General”) were subject to mandatory audits. The Committee was audited, because it was also controlled by Ms. Martinez during the election cycle.

Ms. Martinez filed a “Statement of Organization” with the Secretary of State on September 11, 2013, establishing the Committee to raise funds and to pay for expenses relating to carrying out her duties associated with her City Council office. The Committee’s identification number is 1354456.

The Committee’s treasurer is Nury Martinez, whose office is located at 777 South Figueroa Street, Suite 4050, Los Angeles, California 90017.

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the City, as required by Los Angeles Municipal Code § 49.7.19(A)(2). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$3,531, total cash receipts of \$62,640, total cash disbursements of \$64,919, and a closing cash balance of \$1,253. Cash receipts include monetary contributions and miscellaneous increases to cash (account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

The audit included tests of the Committee's records and transactions. The audit included but was not limited to the following general categories:

1. Compliance with laws governing the receipt of contributions, including loans;
2. Proper disclosure of contributions, including itemization when required, as well as the completeness and accuracy of the information disclosed;
3. Proper disclosure of disbursements, including itemization when required, as well as the completeness and accuracy of the information disclosed;
4. Proper disclosure of debts and obligations;
5. Accuracy of total reported receipts, disbursements, and cash balances, as compared to bank records;
6. Adequate recordkeeping for transactions;
7. Complete and timely filing of state and City forms, statements, and reports;
8. Compliance with disclaimer and disclosure requirements for officeholder communications; and
9. Other audit categories deemed necessary.

Audit reports and information gathered through audits are referred to the Ethics Commission's enforcement division and may be referred to other appropriate law enforcement agencies.

CURED CONTRIBUTIONS

The Ethics Commission's Excess Contribution Policy permits candidates and committees to cure contributions that are prohibited or exceed a contribution limit. In addition to meeting other criteria, the contribution must be returned within a specified period of time to either the contributor or the City's general fund. Contributions that are properly cured are not treated as violations, but they must be identified in audit reports. *See* Excess Contribution Policy § C.3.

The Committee properly cured the contributions that are identified in Attachment A.

AUDIT FINDINGS

Audit findings describe instances in which auditors conclude that a committee failed to comply with state or City law. A committee's activities may also be monitored by the Ethics Commission's enforcement division and other enforcement agencies. A four-year statute of limitations applies to an Ethics Commission enforcement matter, unless the alleged violation involves concealment or deceit. LAAC § 24.26(a)(2)(A).

Auditors concluded that the Committee did not have any material findings in this audit.

Attachment:

A Cured Contributions

Attachment A

Cured Contributions

Nury Martinez for City Council 2013 Officeholder Account (ID #1354456)

Set	Reason for Curing*	Contributor	Date Received	Amount	Cure Date	Cure Deadline
1	Cumulative	Retired Los Angeles City Employees Inc.	12/16/2014	\$700.00	2/19/2015	4/16/2015
2	Cumulative	Michaels Furniture	12/17/2014	\$700.00	2/23/2015	4/16/2015
3	Cumulative	H.F. Boeckman	3/3/2015	\$700.00	3/24/2015	6/24/2015

*** Reasons for Curing a Contribution:**

Aggregated: Contributions from multiple persons must be treated as having been made by a single person when certain shared interests exist, such as those between a sole proprietorship and the sole proprietor, for purposes of the applicable per-person contribution limit.

Cumulative: Contributions from a single person may not exceed the applicable per-person contribution limit per fiscal year.

Prohibited: Contributions from certain persons, such as lobbyists or contractors, are prohibited.

City Ethics Commission

Key Events & Deadlines

December 2016

Item 13—Attachment E
1 of 1

