



## Los Angeles City Ethics Commission

August 13, 2012

The Honorable City Council  
c/o June Lagmay, City Clerk  
200 North Spring Street  
City Hall- 3rd Floor  
Los Angeles CA 90012

### **Re: Improving the City's Campaign Finance Laws**

#### *FOR COUNCIL CONSIDERATION*

Dear Councilmembers:

On August 9, 2012, after seven months of detailed review and discussion, the Ethics Commission unanimously approved a comprehensive set of recommendations for improving the City's campaign finance laws. This letter transmits those recommendations, which amend both the Campaign Finance Ordinance (CFO) and the provisions of the Los Angeles Administrative Code (Ad Code or LAAC) regarding the matching funds program. The Ethics Commission believes that the recommendations strengthen City law and urge you to adopt the ordinance language proposed in Attachments B and C.

#### **A. BACKGROUND**

This comprehensive review of the campaign finance laws was conducted in the wake of the United States Supreme Court's decision in *Citizens United v. Federal Election Commission*, 558 U.S. 50 (2010), which struck down key components of Arizona's matching funds program. Other recent Federal court decisions have also affected various aspects of campaign financing. In light of these decisions, as well as changing technology and our experiences in City elections over the last 20 years, it became apparent that a comprehensive review of the City's campaign finance laws was essential. Two motions echoed the necessity of a review. *See* Council File Nos. 11-1293, 11-1297.

In making the recommendations below, the Ethics Commission carefully considered the purposes of the City's campaign finance laws, the current constitutional landscape, practices in other jurisdictions, relevant state regulations, and extensive input from the public and regulated communities. There are 54 specific recommendations in five categories: fundraising and contributions; the matching funds program; disclosure and disclaimers; officeholder and legal defense funds; and enforcement. The substantive recommendations in each category are described in the sections below.

Several attachments are included to assist in your analysis. Attachment A is a quick guide to key substantive changes, Attachment B is the proposed CFO, and Attachment B is the

proposed Ad Code. Attachments D and E provide marked-up versions of the CFO and the Ad Code, for more detailed analysis. In addition to the substantive recommendations, Attachments B and C also streamline language to promote understanding and foster compliance, renumber and reorder sections, and consolidate definitions.

Although the Commission urges action on all of the recommendations, there is some urgency to the provisions regarding the matching funds program. The City Attorney's office has advised that the triggers and related provisions should be removed from City law prior to November 5, 2012, which is the start of Candidate Filing Week for the 2013 regular City elections. To compensate for that loss, the Commission recommends that all of the matching funds recommendations be acted on in time to become effective by November 5.

In addition, the Los Angeles City Charter (Charter) requires prompt action on the Ad Code recommendations. A public hearing must be held and action to approve or disapprove must be taken within 60 days of the date the Ethics Commission approved the recommendations. Charter § 703(b). The Ethics Commission approved the Ad Code recommendations on August 9, and 60 days after that date is October 8.

## **B. FUNDRAISING AND CONTRIBUTIONS**

### **1. Contributions By Minors**

Contributions from minors under the age of 18 are currently prohibited by City law. LAMC § 49.7.3(B). The Commission recommends adopting the standard in state law, which creates a rebuttable presumption that a contribution made in the name of a minor is a contribution from the minor's parents. Cal. Gov't Code. § 85308(b).

In 2003, the United States Supreme Court struck down a Federal ban on campaign contributions from minors, concluding that minors may exercise their First Amendment rights by making contributions to campaign committees. *Federal Election Commission v. McConnell*, 540 U.S. 93 (2003). Adopting the state's rebuttable presumption will preserve a minor's First Amendment rights in compliance with *McConnell*, while reducing the potential for confusion between state and City law. Ordinance language on page 7 of Attachment B incorporates the rebuttable presumption into City law. See proposed Los Angeles Municipal Code (LAMC) § 49.7.5(B).

### **2. Contributions by Text Message**

In 2011, California became the first jurisdiction in the nation to allow contributions by text message. 2 Cal. Code Regs. § 18421.31. The state law will govern City elections, unless the City either prohibits contributions by text message or adopts its own regulation.

The Commission recommends that the City adopt its own regulation to permit contributions to City candidates made by Short Message Service (SMS), Multimedia Messaging Service (MMS), or similar text message technology. The Commission also recommends that

certain safeguards be adopted, including imposing the same limit as cash contributions and the same disclosure requirements as all other contributions, clarifying that a text message contribution is not received until the candidate or committee takes control of it, and specifying that City equipment may not be used to make a text message contribution.

Ordinance language to implement these recommendations can be found beginning on page 7 of Attachment B. *See* proposed LAMC § 49.7.6.

### 3. Extensions of Credit

The Commission recommends extending from 30 to 90 days the period of time in which extensions of credit are not considered contributions and requiring vendors to show a commercially reasonable attempt to collect the debt.

Currently, campaign committees may not receive extensions of credit beyond 30 days. LAMC § 49.7.6(D). After 30 days, unpaid credit is considered a contribution to the committee and is subject to contribution limits. *Id.* However, the limit can be exceeded inadvertently during routine business transactions between committees and vendors. Vendors typically produce invoices weeks after an order is placed. And even when the committee pays the vendor on time, the payment could easily occur outside the City's 30-day window.

Lengthening the credit period to 90 days will avoid this scenario. In addition, requiring vendors to show a commercially reasonable attempt to collect a debt will help ensure that credit is not extended in an attempt to circumvent the contribution limits. Ordinance language beginning on page 8 of Attachment B implements these recommendations. *See* proposed LAMC § 49.7.9.

### 4. Aggregation of Contributions

Currently, the CFO aggregates contributions and expenditures from certain closely related persons and treats those contributions and expenditures as having been made by a single person. LAMC § 49.7.2. For example, contributions to the same City Council candidate from an individual and her sole proprietorship are treated as a single contribution.

Because prohibitions on contributions were added to City law after the aggregation provisions were enacted, the CFO is silent on how to treat closely related entities when one is prohibited from contributing to City candidates. To address this situation, the Commission recommends clarifying that, when contributions between two persons are aggregated, the lowest applicable contribution limit applies to their aggregated contributions. Ordinance language implementing this recommendation can be found beginning on page 6 of Attachment B. *See* proposed LAMC § 49.7.4.

5. CPI Adjustments

Currently, the CFO calls for a review of City contribution limits every five years to determine whether they should be adjusted to compensate for changes in the Consumer Price Index (CPI). LAMC § 49.7.1.2. This provision conflicts with the Los Angeles City Charter (Charter), however, which requires an annual adjustment for limitations and thresholds in City law. Charter § 702(h).

The Commission recommends eliminating the conflict, clarifying which limitations and thresholds are subject to annual adjustment, and specifying the effective dates for any necessary adjustments. Ordinance language beginning on page 4 of Attachment B implements those recommendations. *See* proposed LAMC § 49.7.3.

6. Prohibited Fundraising

The Commission recommends that consistent restrictions be applied to all persons subject to restrictions on soliciting contributions and engaging in fundraising.

Currently, members of City boards and commissions may not pay for more than 50 percent of the costs of a fundraising event. However, prohibited bidders and underwriting firms may not pay for more than 20 percent of the same costs. LAMC §§ 49.7.8(C)(9)(h), 49.7.30(A)(9)(f). The 20-percent standard is the most recently adopted and reflects a generally accepted accounting principle that a party who holds a 20-percent interest wields “significant influence”. *See* Criteria for Applying the Equity Method of Accounting for Investments in Common Stock, Financial Accounting Standards Board Interpretation No. 35 (May 1981).

In addition, general managers of City departments are subject to some, but not all, restrictions on soliciting contributions and engaging in fundraising. The Commission recommends that all of the restrictions apply to general managers. Ordinance language implementing these recommendations can be found on page 10 of Attachment B. *See* proposed LAMC § 49.7.11(A)(2)(g).

7. Fundraising Windows

The Commission recommends shortening the pre-election fundraising windows by six months, to 18 months for Citywide candidates and 12 months for Council candidates. Currently, the pre-election fundraising windows are 24 months for Citywide candidates and 18 months for Council candidates. LAMC § 49.7.7. This change will reduce the amount of time in which incumbents feel obliged to spend campaigning and will free them up to focus on their duties as officeholders. In addition, our data indicates that shortening the pre-election window will not create a significant burden on City candidates. The vast majority (93 percent) of all fundraising in the last six regular City elections took place within the recommended windows.

The Commission also recommends reinstating a one-time, three-month extension of the post-election fundraising window when extraordinary circumstances warrant. Having a finite

post-election fundraising window promotes several sound public policy goals, including facilitating timely and complete audits, limiting campaign debt, and helping officeholders focus on the duties of serving the public. However, there are rare instances when circumstances beyond a candidate's control prevent the candidate from retiring campaign debt within nine months. As demonstrated by circumstances surrounding the recent indictment of a prominent campaign treasurer, an extension of the post-election fundraising window is sometimes necessary to allow a committee to retire its debt and provide an accurate public accounting of campaign activity.

Ordinance language on page 9 of Attachment B specifies an 18-month pre-election fundraising window for Citywide candidates and a 12-month pre-election fundraising window for City Council candidates. See proposed LAMC § 49.7.10(A). Ordinance language also on page 9 of Attachment B allows a one-time extension to the post-election fundraising window for all City candidates. See proposed LAMC § 49.7.10(B).

#### 8. Soliciting Contributions from City Employees

The CFO prohibits anyone from knowingly soliciting a City employee for a contribution in connection with an election for City office. LAMC § 49.7.8(A). However, the CFO expressly permits a solicitation to “a significant segment of the public, which may include officers or employees of the City.” *Id.*

The law does not currently specify what comprises “a significant segment of the public” or how many City employees may be included in the group before the prohibition is violated, and it can be incorrectly interpreted as allowing the knowing solicitation of City employees. This lack of clarity has created challenges to understanding and complying with the prohibition.

Therefore, the Commission recommends establishing an objective standard for interpreting the exception and specifying that the prohibition does not apply when a person makes a mass solicitation and unknowingly includes City employees, as long as City employees do not make up more than one percent of the solicited group. Ordinance language to implement this recommendation can be found beginning on page 10 of Attachment B. See proposed LAMC § 49.7.11(B)(1).

### C. **MATCHING FUNDS PROGRAM**

#### 1. Trigger Provisions

The Commission recommends eliminating provisions in City law that trigger additional or expedited public funds for candidates who participate in the City's matching funds program. These trigger provisions were made unconstitutional by the United States Supreme Court's decision in *Arizona Free Enterprise Club's Freedom PAC v. Bennett*, 131 S. Ct. 2806 (2011). In addition, the Commission recommends eliminating all disclosure and notification provisions that exist only to implement the trigger provisions. To implement these recommendations, LAMC §§ 49.7.22(C)–(D) have been eliminated from the proposed language in Attachment B.

2. Rate of Match

The Commission recommends increasing the rate of matching funds payments to qualified participating candidates. The rate is currently one public dollar for every qualified private dollar. LAMC § 49.7.20. The Commission recommends a rate of four public dollars for every qualified private dollar.

An increase in the rate of match will help strengthen the program, which can no longer include trigger provisions that provide additional or accelerated public benefits in response to spending by independent groups or non-participating candidates. Ordinance language implementing this recommendation can be found on page 21 of Attachment B. See proposed LAMC § 49.7.27(B).

3. Declining to Participate

Currently, candidates who have opted to participate in the matching funds program may thereafter decline to participate if another candidate in the same race declines to participate. LAMC § 49.7.18(A). Candidates have seven days after the close of Candidate Filing Week to make this determination. *Id.* The Commission recommends adjusting that period of time to five business days.

The last day of Candidate Filing Week always falls on a Saturday. Adjusting the deadline from seven days to five business days will alleviate the necessity of opening the office or making staff available on a weekend without imposing a significant burden on candidates. In fact, in some cases, five business days will give candidates additional days to file paperwork.

Ordinance language to implement this recommendation can be found on page 19 of Attachment B and page 3 of Attachment C. See proposed LAMC § 49.7.22(B) and proposed LAAC § 24.32(a)(1)(B).

4. Qualification Requirements

The Commission makes several recommendations regarding the qualification requirements for candidates who participate in the matching funds program. These include requiring candidates to be certified to appear on the ballot, and to be opposed by at least one candidate who is also certified to appear on the ballot.

The recommendations also include a requirement that, beginning with the 2015 regular City elections, contributions used to reach the qualification threshold be limited to contributions from individuals living within the City. In addition, the Commission recommends requiring participating candidates for City Council to receive at least 200 contributions of \$5 or more from individuals living in the City Council district to which they are seeking election. Requiring qualifying contributions to come from individuals residing within the City will help safeguard the trust fund balance. It will also help ensure the good stewardship of public money by

requiring candidates to demonstrate a minimum level of support from City voters prior to receiving City funds for their campaigns.

Ordinance language implementing these recommendations can be found beginning on page 19 of Attachment B, and beginning on page 4 of Attachment C. See proposed LAMC §§ 49.7.2(R), 49.7.23(C)(1)(d)–(e), 49.7.23(C)(2)–(3) and proposed LAAC §§ 24.31(b)(13)(D), 24.32(b)(2)(C).

#### 5. Qualifying in the General Election

The Commission recommends clarifying City law to specify that participating candidates may qualify to receive matching funds in a general election if they did not do so in the primary election. The CFO states that candidates who participate in the matching funds program during the primary election must also participate in the general election, but the law is silent regarding whether a participating candidate who does not qualify in the primary election may receive matching funds in the general election. LAMC § 49.7.19(A), LAAC § 24.5(c)(2).

This recommendation would make it clear that participating candidates who have abided by the program requirements, including limiting their spending, may qualify to receive matching funds in either the primary election or the general election. Ordinance language that begins on page 19 of Attachment B implements this recommendation. See proposed LAMC § 49.7.23(B), proposed LAAC § 24.32(b)(2)(B).

#### 6. Determining the Sufficiency of the Trust Fund

Prior to each election, City law requires the Ethics Commission to determine whether the balance in the matching funds trust fund is sufficient to pay the maximum amount of public funds to all participating candidates. LAMC § 49.7.30(C), LAAC § 24.5(g)(1). This determination is to be made twice before a primary election and once before a general election. *Id.* The first determination must be made at a public meeting no later than seven days following the final day to decline participation in the program. *Id.*

The Commission recommends making several changes to the process for determining the sufficiency of the trust fund balance. First, the Commission recommends requiring one determination for a primary election and one for a general election. A second determination for a primary election would only be required if the first determination results in less than 100 percent funding for participating candidates.

In addition, the Commission recommends requiring the determination for primary elections to be made within 40 days after the last day for candidates to decline to participate in the program and requiring the determination for general elections to be made within 40 days after the City Clerk certifies the ballot. These changes reflect the recommendation in the previous section that candidates must be certified to appear on the ballot, and must be opposed by another candidate who has been certified to appear on the ballot, in order to receiving matching funds. Accommodating the City Clerk's certification process will allow the

Commission to make a more precise determination of the potential draw on the matching funds trust.

Ordinance language implementing these recommendations can be found beginning on page 5 of Attachment C. *See* proposed LAAC § 24.33.

#### 7. Matchable Contributions and Matching Funds Claims

The Commission recommends three technical amendments regarding the process for obtaining matching funds. One is to maintain the current requirement that candidates submit claims that reflect at least \$10,000 in matchable contributions until 14 days prior to an election and at least \$1,000 from 14 days prior to an election until three months after the election. A second is to require candidates to file matching funds claims electronically.

The third technical amendment would extend from three days to five business days the deadline by which the Ethics Commission and the Controller must certify and pay matching funds claims. The existing deadline is difficult for both offices to meet, and the additional qualification requirements that are recommended will only increase the amount of work involved in the certification process. The amendment would not significantly affect candidates, but it would significantly increase the City's ability to comply with program requirements.

The Commission also recommends a more substantive amendment regarding matchable contributions. Similar to the recommendation above in section C.4 regarding qualifying contributions, the Commission recommends that, beginning with the 2015 regular City elections, matchable contributions may only come from individuals residing within the City. As noted above, this will help ensure the good stewardship of City funds by requiring candidates to demonstrate a minimum level of support from City voters.

Ordinance language implementing these changes can be found on pages 22 and 23 of Attachments B and on page 7 of Attachment C. *See* proposed LAMC §§ 49.7.2(Q)(4), 49.7.28(A), 49.7.30(A)–(B) and proposed LAAC §§ 24.31(b)(13), 24.34(a)(9), 24.34(c)(1), 24.34(c)(2), 24.34(d)(1)(C), 24.34(f)(1), 24.34(e)(3).

#### 8. Lifting Expenditure Ceilings

Candidates who participate in the matching funds program voluntarily agree to limit their spending to certain levels. LAMC § 49.7.13. However, the expenditure ceilings are lifted when one of two outside spending thresholds is reached. LAMC § 49.7.14. The first threshold is reached when a non-participating candidate in the same race spends in excess of the applicable expenditure ceiling. *Id.* The second is reached when independent spending exceeds a specified dollar amount. *Id.*

The Commission recommends annually adjusting for CPI the amount of independent spending required to lift the voluntary expenditure ceilings. Because the expenditure ceilings, themselves, must be adjusted annually for CPI, the amount of spending by non-participating

candidates that is required to lift the ceiling is automatically adjusted. In order to maintain parity between the two thresholds, the Commission recommends that the aggregate level of independent spending that is required to lift the ceiling also be adjusted for changes in CPI. Language to implement this recommendation can be found on page 21 of Attachment B. See proposed LAMC §§ 49.7.3(A)(9), 49.7.25(B).

9. Notification by Participating Candidates

The CFO currently requires participating candidates to notify the Ethics Commission when they or their candidate committees have raised or spent in excess of the expenditure ceiling in their races. LAMC § 49.7.18(C). Unlike a similar provision for non-participating candidates, this notice is not necessary to administer the matching funds program or any other component of the City's campaign finance laws. Furthermore, the provision does not provide any additional public disclosure, because candidate expenditure information is included in other required filings.

The Commission recommends eliminating this duplicative reporting requirement. To implement this recommendation, LAMC § 49.7.14(C) has been eliminated from the proposed language in Attachment B.

**D. DISCLOSURE AND DISCLAIMERS**

1. Filing Schedules

The CFO currently imposes different filing requirements on similarly situated City committees. For example, City recall and ballot measure committees are generally subject to the same filing requirements as City candidates, but ballot measures placed on the ballot by the City Council are not mentioned. LAMC § 49.7.10. In addition, candidates and committees primarily formed to support or oppose City candidates are required to file pre-election disclosure statements the Friday before an election, but other committees are not required to make that filing. LAMC § 49.7.11(A).

The different filing requirements have created some confusion. To eliminate the confusion and treat similarly situated committees similarly, the Commission recommends applying the same disclosure and filing requirements to all City committees. This recommendation will clarify the law, reduce confusion, and safeguard the disclosure that is necessary for an informed electorate.

The Commission does recommend one exception to the standard filing requirement, and that is eliminating the first-quarter filings by officeholder and legal defense committees in a year in which the officeholder is also filing pre-election statements on the election schedule (i.e., is on the ballot). This filing largely duplicates the information the officeholder must disclose through campaign statements and does not provide an additional benefit to the public.

Ordinance language to implement these recommendations can be found on pages 11 and 18 of Attachment B. *See* proposed LAMC §§ 49.7.14, 49.7.21.

2. Electronic Filing

The CFO currently requires committees to file campaign statements electronically if they have raised or spent \$25,000. LAMC § 49.7.11(D)(1). The Commission recommends lowering this threshold to \$10,000 for all City committees (campaign, officeholder, legal defense, recall, ballot measure, primarily formed, and general purpose committees). The Commission also recommends specifying that all campaign finance filings must be made in a format prescribed and published by the Ethics Commission.

Public disclosure is more meaningful when more committees are required to file electronically, and information is more quickly available online. Filings that are not submitted electronically must be manually processed by the Ethics Commission staff, and there can be delays in posting that information, particularly in the heat of an election. The City's electronic filing system has been in place since 2001 and includes security safeguards, such as requiring filers to obtain a log-in and password. Lowering the electronic filing threshold will significantly enhance public disclosure without significantly burdening smaller committees.

Language to implement this recommendation begins on page 12 of Attachment B. *See* proposed LAMC § 49.7.17(B).

3. Candidate Information

The Commission recommends that candidates and their City committees be required to identify a non-government email address, as well as any website addresses and social media accounts that they use for campaign purposes. While many candidates already include an email and website address on their filings, this information is currently filed voluntarily.

The Commission believes it is appropriate to require the disclosure of that information in light of the migration to electronic means of communication that has occurred since these laws were first enacted. Providing email, website, and social media information for all candidates in one central location on the Ethics Commission's website will also help the public evaluate candidate messages. Language to implement this recommendation begins on page 11 of Attachment B. *See* proposed LAMC § 49.7.15.

4. Contributor Information

Currently, City committees are required to obtain and disclose the name, address, occupation, and employer of each person making a contribution of \$100 or more to the committee. Cal. Gov't. Code § 84211(F), LAMC § 49.7.11(B). The Commission recommends amending this to require a non-individual contributor (corporation, partnership, etc.) to disclose its primary purpose or business interest, instead of occupation and employer. A non-individual

does not have an occupation or employer, and information regarding its purposes will provide voters with valuable insight into the contribution.

The Commission also recommends that contributors in City elections be required to certify that their contributions are not prohibited by City law and have not been laundered. Requiring committees to obtain this certification from each contributor will help educate regarding the City's campaign finance laws and help both contributors and committees avoid potential violations.

Language to implement these recommendations can be found beginning on page 12 of Attachment B. *See* proposed LAMC § 49.7.16.

#### 5. Recall Committees

The Commission recommends specifying that all City recall committees be treated the same for purposes of the campaign finance laws, whether they support or oppose the recall effort.

Following *Citizens United*, the 9th Circuit Court of Appeals ruled that a committee to support or oppose a candidate for elected office may not be subject to contribution limits. *Long Beach Chamber of Commerce v. City of Long Beach*, 603 F.3d 684 (2010). As a result, a provision of the Charter that imposed contribution limits on non-candidate controlled committees that supported or opposed candidates for elected City office was repealed in 2011. *See* Charter § 470(c)(5) (repealed). In addition, an elected official who is the subject of a recall is a candidate under state law. Cal. Gov't Code § 82007. Therefore, a committee formed to recall (oppose) a City officeholder may now solicit contributions to fund its efforts.

At the same time, candidates, including officeholders, are subject to contribution limits. This creates an inequitable result, because committees that support a recall have no contribution limits while candidate-controlled committees that oppose a recall do. When a recall is put before voters, it is considered a ballot measure under state law. 2 Cal. Code Regs. § 82403. Therefore, the Commission recommends alleviating the inequity among recall committees by specifying that City officeholders who are the subject of a recall may establish committees to oppose the recall effort, and those committees are subject to the same requirements that apply to the committees that support the recall effort. Ordinance language on page 11 of Attachment B implements this recommendation. *See* proposed LAMC § 49.7.13.

#### 6. Social Media Accounts

The CFO is currently silent regarding social media accounts, such as Twitter and Facebook. However, business, individuals, corporations, governments, and other organizations are increasingly using social media sites to communicate with customers, friends, and the general public. In March, Twitter announced that it had nearly 140 million active users, sending 340 million tweets each day. Facebook is estimated to reach one billion active users this August. *See* [http://www.mediabistro.com/alltwitter/twitter-active-total-users\\_b17655](http://www.mediabistro.com/alltwitter/twitter-active-total-users_b17655) (January 13, 2012).

The Commission believes it is appropriate to acknowledge the growing use of social media accounts and also to foster transparency for voters, which helps them evaluate campaign communications. To that end, the Commission recommends requiring City candidates and their controlled campaign committees to designate and disclose any social media accounts they use to communicate about City elections. The recommended designation is a disclaimer on each social media homepage that states, "This account is being used for campaign purposes by [name of candidate or committee]." The recommended disclosure is identified above in section D.3.

The Governmental Ethics Ordinance prohibits the use of City resources for campaign-related activities. LAMC § 49.5.5. However, the line between personal and professional communication can be blurred with social media accounts. To avoid perceived conflicts of interests, the Commission also recommends specifying that a City officeholder may not use a social media account for campaign purposes if the account has been used for City purposes.

Ordinance language on page 27 of Attachment B implements the Commission's recommendations. See proposed LAMC §§ 49.7.15(A)(3), 49.7.34.

#### 7. General Disclaimers

The CFO currently requires certain political communications to include disclaimers. For example, a candidate or committee communication must include the phrase "paid for by" immediately followed by the name, address, and city of the candidate or committee. LAMC § 49.7.28(A). The Commission recommends requiring disclaimers on political communications to include the Commission's website. This will make disclaimers more helpful by directing the public to the extensive information that is available regarding City elections and the person making that particular communication.

The Commission also recommends requiring a person, including a blogger, who is compensated by a candidate or City committee to communicate about a City election to include a disclaimer on those communications. Increasingly, campaigns are compensating third parties to portray their candidates or measures favorably, or to disparage an opponent. In April, the state raised the issue of blogger disclosure and has indicated that it is planning to pursue disclosure in the future.

Ordinance language to implement these recommendations can be found on pages 2, 25, and 26 of Attachment B. See proposed LAMC §§ 49.7.2(E), 49.7.33(A).

#### 8. Independent Expenditure Disclaimers

In addition to the general disclaimer language required for all political communications, independent expenditure communications must also state that they are not authorized by a City candidate; and they must identify each person who contributed \$25,000 or more to the committee making the communication. LAMC § 49.7.28(B). The Commission recommends modifying this to require an IE communication to state that it is not authorized by or coordinated with a City candidate and to identify the committee's two largest contributors and the amount of their

aggregate contributions. This will facilitate compliance, foster transparency, and protect political speech by reducing the likelihood that the mandatory disclaimer language will overtake the communication's message.

When combined with the general disclaimer requirements, the current and recommended disclaimer for independent expenditure communications are as follows:

Current: *Paid for by [committee name, address, and city]. Major funding provided by [names of all contributors in excess of \$25,000]. Not authorized by a City candidate.*

Proposed: *Paid for by [committee name, address, and city]. Major funding provided by [names of top two contributors], in the amount of [their aggregate contributions]. Not authorized by or coordinated with a City candidate. Additional information can be found at [ethics.lacity.org](http://ethics.lacity.org).*

Ordinance language implementing this recommendation can be found on page 26 of Attachment B. See proposed LAMC § 49.7.33(B).

#### 9. General Disclosure

The CFO currently requires certain political communications to be disclosed by submitting copies of the communications to the Commission. For example, recorded telephone calls and radio and television advertisements that meet specific thresholds must be disclosed. LAMC § 49.7.26(E). The Commission recommends extending this disclosure requirement to live phone calls and communications made in an audio or video format. This will apply the City's current disclosure requirement to all common forms of campaign communications, including live phone banks, and communications broadcast on line.

Language to implement these recommendations can be found on pages 12, 23 and 25 of Attachment B. See proposed LAMC §§ 49.7.16(B)–(C), 49.7.31(A)(2), 49.7.31(B), 49.7.32(A)(2).

#### 10. Independent Expenditure Disclosure

As with other types of political communications, certain independent expenditure communications must also be disclosed. The Commission makes several recommendations regarding this disclosure. First, the Commission recommends clarifying which member communications are treated as independent expenditure communications for disclosure purposes. Second, the Commission recommends clarifying that the reporting threshold applies separately for each candidate or measure supported. These are not substantive changes in the way the law is currently applied, but more precise language will enhance understanding and compliance.

In addition, the Commission recommends expanding the disclosure and disclaimer requirements for independent expenditure communications. The CFO currently requires

disclosure and disclaimers when expenditures associated with those communications have reached \$1,000. Because the Political Reform Act defines a committee as a person who has raised or spent \$1,000 or more (or made \$10,000 or more in contributions to or at the behest of a candidate or committee) in a calendar year, that requirement has been interpreted to apply only to committees. See LAMC § 49.7.26(A), Cal. Gov't Code § 82013.

However, this provision of the CFO was first adopted prior to the now ubiquitous use of electronic communication. The wide availability of the Internet, desktop publishing, and video editing software makes it easy to effectively communicate with thousands of people (if not more) without incurring \$1,000 in expenses and qualifying as a committee. The \$1,000 threshold was adopted as a way to establish a level of significance among all speakers attempting to influence City elections. At the time, money was required to broadly disseminate one's message. However, a message may now achieve significance by being broadly disseminated through electronic means, for little or no cost.

The Commission believes it is appropriate to continue to promote transparency for City voters, to help them evaluate speakers and messages, and to close a loophole that now allows some significant messages to remain undisclosed to the public. In *Citizens United*, the United States Supreme Court affirmed the important role that disclosure plays in the public's ability to evaluate speech by stating, "...Transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages." 1 S. Ct. at 916.

For these reasons, the Commission recommends requiring the disclosure of an independent expenditure communication, regardless of cost, when a committee distributes it to 200 or more people or when a person who does not qualify as a committee under state law distributes it to 1,000 or more people. Ordinance language implementing these recommendations begins on page 23 of Attachment B. See proposed LAMC §§ 49.7.31.

## **E. OFFICEHOLDER AND LEGAL DEFENSE FUNDS**

### **1. Separate Legal Defense Funds**

Currently, legal defense funds are subaccounts of an officeholder committee. LAMC § 49.7.12(C)(1). This creates confusion in a variety of ways. First, a legal defense fund may be established by a candidate, not just an officeholder. Further, contributions and expenditures for legal defense funds are reported with officeholder filings, and it often appears as if contributions have exceeded the applicable limit when, in fact, separate legal contributions have been made into subaccounts of the same committee. This makes audits more difficult and hinders transparency.

To alleviate this confusion, the Commission recommends that legal defense funds be separate from officeholder funds and that a separate committee with a separate bank account be established for each legal proceeding. This will facilitate transparency by giving the public information that is easier to understand. The state applies these structural requirements to legal

defense funds established by state candidates and officeholders, and the Commission believes that they should also apply to City legal defense funds. *See* 2 Cal. Code Regs § 18530.45.

Ordinance language to implement these recommendations can be found on page 17 of Attachment B. *See* proposed LAMC § 49.7.20.

## 2. Blackout Period

The Commission recommends aligning the blackout period on certain officeholder expenditures with the blackout period on similar expenditures of City funds, which begins when a candidate has filed a Declaration of Intention to Become a Candidate.

Spending by an officeholder committee is restricted when an officeholder is running for election to a City office. Currently, the blackout period is 12 to 24 months prior to an election, depending on which office the officeholder seeks. LAMC § 49.7.12(A)(7). This restriction is designed to prevent the officeholder from using officeholder funds to campaign for office. However, restricting officeholder expenditures also prevents the use of officeholder funds for legitimate, non-political communications with constituents.

The Commission recommends aligning the blackout period for officeholder expenditures with the blackout period for similar expenditures of City funds, which begins when a candidate has filed a Declaration of Intention to Become a Candidate. LAMC § 49.63(B). Funds in an officeholder account are private, voluntary contributions. General Fund dollars, however, are public tax-payer money. There is, therefore, an arguably greater interest in preventing the use of City funds for political purposes than there is for preventing the use of officeholder funds. This recommendation will also help to eliminate confusion and facilitate compliance. Ordinance language to implement this recommendation can be found on page 16 of Attachment B. *See* proposed LAMC § 49.7.19(H).

## 3. Prohibited and Exempted Expenditures

The use of officeholder funds is limited to specific types of expenditures. LAMC § 49.7.12(A)(2). It is also limited to no more than \$75,000 per fiscal year, but certain types of expenditures are not limited. LAMC § 49.7.12(A)(6).

The Commission recommends limiting the permissible use of officeholder funds by prohibiting expenditures to support or oppose a ballot measure or candidate for elected office, or as donations to a political party. This would not affect the use of officeholder funds to purchase tickets to political events, provided that a substantial part of the proceeds will not personally benefit the officeholder, the officeholder's committee treasurer, or a member of the officeholder's immediate family.

The Commission also recommends eliminating all exemptions from the annual expenditure ceiling. Finally, the Commission recommends permitting officeholder accounts to

pay for expenses of the officeholder's campaign committee that were either unforeseen or could not reasonably have been paid by the campaign committee.

Ordinance language implementing these recommendations can be found beginning on page 13 of Attachment B. See proposed LAMC §§ 49.7.19(B)(14), 49.7.19(B)(21), and 49.7.19(G). To further implement the recommendations, existing LAMC §§ 49.7.12(A)(2)(n)-(o) have been eliminated from the proposed language in Attachment B.

## F. ENFORCEMENT

### 1. Principle Officer Liability

The Commission recommends clarifying when a person is responsible for violations of the CFO. First, the Commission recommends specifying that, in addition to the committee itself, the principle officers of a City committee are liable for the committee's conduct. State law defines a principle officer of a committee as any person "primarily responsible for approving political activity" and states that a committee may have more than one principle officer. 2 Cal. Code Regs. § 18402.1. For further clarity, the Commission also recommends specifying that the candidate and the committee treasurer are deemed to be principle officers for a candidate-controlled City committee.

Finally, the Commission recommends stating explicitly that agents are responsible for violations that arise out of their actions. These recommendations will aid in enforcing the laws, because it can be difficult to determine the parties responsible for committee violations. Ordinance language to implement these recommendations can be found on page 37 of Attachment B. See proposed LAMC § 49.7.38(F).

### 2. Late Filing Penalties

The CFO currently imposes late filing penalties of \$25 per day until the required filing is submitted. The California Constitution prohibits state and local governments from imposing excessive fines. Cal. Const. art. I, § 15. While there is no bright line to determine when a fine becomes excessive, the California Supreme Court has cautioned that unlimited per-day fines can result in excessive fines that violate the state constitution. *Hale v. Morgan*, 22 Cal.3d 388, 404 (1978).

To avoid excessive penalties, the Commission recommends that late filing penalties be capped at \$500. This mirrors the late filing penalties in the Municipal Lobbying Ordinance. Ordinance language implementing this recommendation can be found on page 38 of Attachment B. See proposed LAMC § 49.7.39.

## G. CONCLUSION

The Ethics Commission strongly recommends that the CFO and the Ad Code be updated as proposed in Attachments B and C. In accordance with advice from the City Attorney's office,

the Commission recommends acting on the matching funds provisions in time for them to be effective by November 5. In addition, the Charter requires action on the Ad Code recommendations by October 8.

We will be available during meetings at which the campaign finance laws are discussed, and we would be happy to answer questions at any time. Please feel free to contact me or Director of Policy Mike Altschule at (213) 978-1960.

Sincerely,



Heather Holt  
Executive Director

*Attachments:*

- A Quick Guide*
- B Proposed CFO*
- C Proposed Ad Code*
- D Marked-up CFO*
- E Marked-up Ad Code*

**QUICK GUIDE:**  
**Proposed Changes to the Campaign Finance Laws**  
 August 2012

<b>CONTRIBUTIONS AND FUNDRAISING</b>				
<i>Topic</i>	<i>Existing Law</i>	<i>Existing Citation</i>	<i>Proposed Law</i>	<i>Proposed Citation</i>
<b>Contributions, Aggregation of</b>	Contributions made by related entities may not exceed the applicable contribution limit, in the aggregate.	LAMC § 49.7.2	The aggregated amount may not exceed the lowest permissible contribution for either person.	LAMC § 49.7.4
<b>Contributions, by Minors</b>	Prohibited.	LAMC § 49.7.3(B)	Rebuttable presumption that the contribution is from parents or guardians.	LAMC § 49.7.5(B)
<b>Contributions, Text-based</b>	N/A	N/A	Allowed up to \$25 per contribution and subject to certain limitations.	LAMC § 49.7.6
<b>CPI Adjustments</b>	Ethics Commission to review contribution limits and other monetary thresholds every five years and consider whether a CPI adjustment should be made.	LAMC § 49.7.1.2	Identifies amounts subject to annual CPI adjustment under Charter §702(h) and specifies effective dates for any adjustments.	LAMC § 49.7.3
<b>Credit</b>	Extensions of credit become contributions if not paid within 30 days.	LAMC § 49.7.6(D)	Extensions of credit become contributions if not paid within 90 days. After 90 days, creditors must demonstrate a commercially reasonable attempt to collect debt.	LAMC § 49.7.9(D)
<b>Fundraising Windows, Post-Election</b>	Nine months; no extensions.	LAMC § 49.7.7(B)	Nine months; one three-month extension in extraordinary circumstances.	LAMC § 49.7.10(B)
<b>Fundraising Windows, Pre-Election</b>	Citywide candidates: 24 months. Council candidates: 18 months.	LAMC § 49.7.7(A)	Citywide Candidates: 18 months. Council Candidates: 12 months.	LAMC § 49.7.10(A)
<b>Fundraising, Prohibited</b>	Board members and commissioners may not pay for 50% or more of a fundraising event for a City candidate.	LAMC § 49.7.8(C)(2)(h)	Board members, commissioners, and GMs may not pay for 20% or more of a fundraising event for a City candidate.	LAMC § 49.7.11(A)(2)(g)
<b>Fundraising, Prohibited</b>	Mass solicitations may not be made to a group that contains a significant number of City employees.	LAMC § 49.7.8(A)	Mass solicitations may not be made where City employees are knowingly solicited or comprise more than 1% of the people solicited.	LAMC § 49.7.11(B)(1)

## MATCHING FUNDS PROGRAM

<b>Topic</b>	<b>Existing Law</b>	<b>Existing Citation</b>	<b>Proposed Law</b>	<b>Proposed Citation</b>
<b>Claims, payment of</b>	Ethics Commission and Controller have three or four business days to process and pay claims.	LAMC § 49.7.23 LAAC §§ 24.5(f)(1),(4)	Ethics Commission and Controller have five business days to process and pay claims.	LAMC § 49.7.30 LAAC § 24.34(c)(1)
<b>Claims, method of submission</b>	Claims may be filed electronically or by paper copy.	LAMC § 49.7.21	Claims must be filed electronically, in a format prescribed and published by the Ethics Commission	LAMC § 49.7.17
<b>Claims, minimum submission</b>	15+ days before an election: Claims must represent at least \$10,000 in matching funds payments.  14 days before an election: Claims must represent at least \$1,000 in matching funds payments.	LAMC § 49.7.21(A)	15+ days before an election: Claims must represent at least \$10,000 in qualified contributions.  14 days before an election: Claims must represent at least \$1,000 in qualified contributions.	LAMC § 49.7.28(A) LAAC § 24.34(c)(2)(A) LAAC § 24.34(c)(2)(B)
<b>Contributions, matchable</b>	Matchable contributions must be from an individual.	LAMC § 49.7.20(A)	<i>Beginning in 2015</i> , matchable contributions must be from an individual residing within the City.	LAMC § 49.7.2(P)(4) LAAC § 24.31(b)(13)(D)
<b>Disclosure</b>	In addition to reporting through their campaign statements, participating candidates must notify the Ethics Commission when they reach or exceed the applicable expenditure ceiling.	LAMC § 49.7.18(C)	Provision requiring additional disclosure is removed.	N/A
<b>Expenditure Ceiling, lifting of</b>	Ceiling is lifted when independent spending totals at least \$50,000 (Council), \$100,000 (Controller/City Atty), or \$200,000 (Mayoral). Amounts are not adjusted for CPI.	LAMC § 49.7.14	Ceiling is lifted when independent spending totals at least \$77,000 (Council), \$155,000 (Controller/City Atty), or \$309,000 (Mayoral). Amounts are adjusted for CPI.	LAMC § 49.7.25(B)
<b>Participation, declining</b>	Candidates who have agreed to participate may decline to participate within seven days of the close of candidate filing week if another candidate in the same race declines to participate.	LAMC § 49.7.18, LAAC § 24.5(c)(1)(F)	Candidates who have agreed to participate may decline to participate within five business days of the close of candidate filing week if another candidate in the same race declines to participate.	LAMC § 49.7.22(B) LAAC § 24.32(a)(1)(B)
<b>Qualification, contributions</b>	Qualifying contributions may come from any source.	LAMC § 49.7.19(A)	<i>Beginning in 2015</i> , qualifying contributions must come from individuals residing within the City. Council candidates must receive at least 200 contributions of \$5 or more from district residents.	LAMC § 49.7.23(C)(1)(d) 49.7.28(C)(1)(e)  LAAC §§ 24.31(b)(13)(D) 24.32(b)(2)(C)
<b>Qualification, eligibility</b>	Candidates must be opposed by another participating candidate who qualifies to receive matching funds or by a non-participating candidate who raises or spends in excess of certain thresholds.	LAMC § 49.7.19 (A); LAAC § 24.5(e)	Candidates must be certified to have their names printed on the ballot and must be opposed by at least one candidate who is also certified for the ballot.	LAMC § 49.7.23(C), LAAC § 24.34(d)(1)(C)

**MATCHING FUNDS PROGRAM (cont'd)**

<b>Topic</b>	<b>Existing Law</b>	<b>Existing Citation</b>	<b>Proposed Law</b>	<b>Proposed Citation</b>
<b>Qualification, general election</b>	Participating candidates who reach the general election but have not qualified are not explicitly permitted to qualify in the general.	LAMC § 49.7.19	Participating candidates who reach the general election but have not yet qualified may qualify.	LAMC § 49.7.23(B), LAAC § 24.32(b)(2)(B)
<b>Rate of Match</b>	One public dollar for every qualified dollar contributed.	LAMC § 49.7.20	Four public dollars for every qualified dollar contributed.	LAMC § 49.7.27(B)
<b>Trigger Provisions</b>	Extra or expedited public matching funds are triggered based on spending made by candidates and independent groups.	LAMC §§ 49.7.22(C)-(E); 49.7.19(A)(2), 49.7.18(B), 49.7.29	Provisions removed after being found unconstitutional by the US Supreme Court decision in <i>Arizona v. Bennett</i> .	N/A
<b>Trust Fund</b>	<p>For primaries, the Ethics Commission must determine within seven days of the last day to reject participation whether the trust fund is sufficient to pay the maximum to all participating candidates. A second determination is required regardless of the fund balance.</p> <p>For generals, the Ethics Commission must determine the sufficiency of the trust fund within seven days after the City Clerk certifies candidates to appear on the ballot.</p>	LAAC § 24.5(g)	<p>For primaries, the Ethics Commission must determine within 40 days of the last day to reject participation whether the trust fund is sufficient to pay the maximum to all participating candidates. A second determination is required two weeks before the election if the first determination finds the fund to be insufficient.</p> <p>For generals, the Ethics Commission must determine the sufficiency of the trust fund within 40 days after the City Clerk certifies candidates to appear on the ballot.</p>	LAAC § 24.33

**DISCLOSURE AND DISCLAIMERS**

<b>Topic</b>	<b>Existing Law</b>	<b>Existing Citation</b>	<b>Proposed Law</b>	<b>Proposed Citation</b>
<b>Contributors, certification</b>	N/A	N/A	Committees must obtain certification from contributors that their contributions are not prohibited.	LAMC § 49.7.16(C)
<b>Contributors, non-individuals</b>	Contributors must disclose employer and occupation.	LAMC § 49.7.11(B)	Non-individuals must disclose primary purpose or business interest.	LAMC § 49.7.16(B)
<b>Disclaimer, campaign communications</b>	Campaign, communications must include "paid for by" language.	LAMC §§ 49.7.28(B),(D)	Campaign, officeholder, and legal defense communications must include "paid for by" language and the Ethics Commission website.	LAMC § 49.7.33
<b>Disclaimer, compensated communications</b>	N/A	N/A	Persons who are compensated by a candidate or committee to communicate regarding a City election must include a disclaimer on all communications regarding that election.	LAMC §§ 49.7.2(B), 49.7.33
<b>Disclaimer, independent expenditure communications</b>	Independent expenditure communications must include "paid for by" language, "not authorized by" language, the name of all contributors of \$25,000 or more.	LAMC §§ 49.7.28(B),(D)	Independent expenditure communications must include "paid for by" language, "not authorized by" language, the names of the top two contributors and the amount of the aggregate contributions, and the Ethics Commission website.	LAMC § 49.7.33(B)
<b>Disclosure, communication types</b>	Disclosure and disclaimers required for recorded phone calls and television and radio broadcasts that meet the thresholds.	LAMC § 49.7.26(E)	Disclosure and disclaimers required for all phone calls and audio and video communications that meet the thresholds.	LAMC §§ 49.7.31(A), 49.7.32(A)
<b>Electronic Filing, threshold</b>	City candidate committees with \$25,000 in contributions or expenditures must file campaign statements electronically.	LAMC § 49.7.11(D)(1)	City candidates and committees with \$10,000 in contributions or expenditures must file campaign statements electronically.	LAMC § 49.7.17(B)
<b>Independent Expenditures, disclosure threshold</b>	Independent expenditure communications must be disclosed when a person or committee spends \$1,000 or more or distributes to 200 or more people.	LAMC § 49.7.26	Independent expenditure communications must be disclosed when a committee spends \$1,000 or more or distributes to 200 or more people, or when a person other than a committee distributes to 1,000 or more people.	LAMC §§ 49.7.31(B), 49.7.33(C)

**DISCLOSURE AND DISCLAIMERS (cont'd)**

<b>Topic</b>	<b>Existing Law</b>	<b>Existing Citation</b>	<b>Proposed Law</b>	<b>Proposed Citation</b>
<b>Recall Committees</b>	Proponents circulating a recall petition are treated as ballot measure committees for reporting and contribution purposes.	LAMC § 49.7.10	Officeholders who are subject to a recall may establish committees to oppose the recall, and all committees formed to support or oppose a recall measure are subject to the same reporting and contribution requirements.	LAMC § 49.7.13
<b>Reporting Schedule</b>	Different reporting schedules apply to different City committees.	LAMC § 49.7.10, 49.7.11(A), 49.7.12(E)	All City committees are subject to the same reporting schedule, except for officeholder committees, which are not required to file the first-quarter statement in years when the officeholder is running for office.	LAMC §§ 49.7.14, 49.7.21
<b>Social Media</b>	N/A	N/A	Candidates and committees must identify social media accounts used for campaign purposes. Elected officials may not use a social media account for campaign purposes if it has been used for City purposes. Candidates and committees must disclose an email address, any campaign websites or social media accounts.	LAMC §§ 49.7.15(A)(3), 49.7.34

**OFFICEHOLDER ACCOUNTS AND LEGAL DEFENSE FUNDS**

<i>Topic</i>	<i>Existing Law</i>	<i>Existing Citation</i>	<i>Proposed Law</i>	<i>Proposed Citation</i>
<b>Blackout Period</b>	Certain expenditures are not allowed after an officeholder files a Declaration of Intent to Solicit and Receive Contributions.	LAMC § 49.7.12(A)(7)	Certain expenditures are not allowed after an officeholder files a Declaration of Intention to Become a Candidate.	LAMC § 49.7.19(H)
<b>Expenditures, exempt</b>	Certain expenditures are exempt from the \$75,000 annual expenditure ceiling.	LAMC § 49.7.12(A)(6)	No expenditures are exempt from the \$75,000 annual expenditure ceiling.	NA
<b>Expenditures, permissible</b>	Officeholder committees may not pay expenses incurred by the officeholder's campaign committee.	LAMC § 49.7.12(A)(2)	Officeholder committees may pay certain unforeseen or unavoidable campaign expenses after the campaign committee is closed.	LAMC § 49.7.19(B)(21)
<b>Expenditures, prohibited</b>	Officeholder committees may make contributions to non-City candidates, ballot measure committees, and political parties.	LAMC § 49.7.12(A)(2)	Officeholder committees may not make these expenditures but may still purchase tickets to political events in certain circumstances.	LAMC § 49.7.19(B)(14)
<b>Legal Defense Funds</b>	Legal defense funds are sub-accounts of an officeholder account, with a single committee and bank account.	LAMC § 49.7.12	Legal defense funds are separate committees with separate bank accounts, and distinct committees must be established for each legal proceeding.	LAMC § 49.7.20

**ENFORCEMENT**

<i>Topic</i>	<i>Existing Law</i>	<i>Existing Citation</i>	<i>Proposed Law</i>	<i>Proposed Citation</i>
<b>Late Filing Penalties</b>	Late filing penalties are \$25 per day without limit.	LAMC §§ 49.7.11(D)(4) 49.7.12(E)(4) 49.7.35	Late filing penalties are \$25 per day, up to \$500.	LAMC § 49.7.39
<b>Liability</b>	Treasurers and candidates are liable for certain actions of their committees.	LAMC § 49.7.34	Principle officers are liable for the actions of their committees. Agents are liable for violations arising out of their actions.	LAMC § 49.7.38(F)

## Campaign Finance Ordinance

### SEC. 49.7.1

#### Relation to the City Charter

The provisions of this article relating to contribution limitations are in addition to and supplement the regulations contained in Charter sections 470 and 609(e). The provisions of this article relating to public financing and expenditure limitations are adopted pursuant to the authorization contained in Charter section 471.

### SEC. 49.7.2

#### Definitions

The following terms have the meanings identified below. Other terms used in this article have the meanings identified in the Political Reform Act. All terms used in this article must be interpreted in accordance with the Political Reform Act.

- A. "Behested"** means made at the request of, at the suggestion of, with the cooperation of, in concert with, in consultation with, in coordination with, under the direction of, or under any arrangement with a candidate or candidate's City controlled committee.
1. There is a rebuttable presumption that a communication is behested in the following circumstances:
    - a. The spender and the candidate retain the same individual or entity to provide non-ministerial, campaign-related professional services, including but not limited to polling, campaign research, media consultation or production, direct mail consultation, and fundraising, in the same election cycle.
    - b. The communication reproduces or redistributes, in whole or substantial part, a campaign, officeholder, or legal defense communication.
    - c. The communication includes information about a candidate's campaign plans, projects, or needs that is not generally available to the public or is provided directly or indirectly by the candidate.
    - d. The spender discusses or negotiates the communication with the candidate.
    - e. The spender is serving or has served in a formal advisory or policy-making position with the candidate or has participated in strategic or policy-making discussions with the candidate regarding the pursuit of nomination or election to office and, in the same election cycle, the candidate is pursuing the office that the campaign communication is intended to influence.
    - f. The communication is made in connection with fundraising events or campaign activities co-sponsored by the candidate and the spender.

2. None of the following circumstances is sufficient in and of itself to constitute a behested campaign, officeholder, or legal defense communication:
  - a. The spender interviews the candidate regarding legislative or policy issues that affect the spender or discusses campaign-related issues with the candidate but does not communicate with the candidate regarding the communication.
  - b. The spender solicits or obtains a photograph, biography, position paper, press release, or similar material from the candidate and, without the candidate's prior knowledge, uses that material in the communication.
  - c. The spender made contributions to the candidate.
  - d. The spender communicates to the candidate the intent to make a communication but does not discuss or negotiate the communication with the candidate.
  - e. A member of a spender organization provides volunteer services to or works for the affected candidate's campaign. This exception does not apply if the member was also involved in the activities of the spender's political action committee, makes payments on behalf of the spender, is serving or has served the candidate in a formal advisory or policy-making position, or is making or has engaged in strategic or policy-making discussions with the candidate.
  - f. The communication was made in response to an unsolicited request from political party leaders or their agents.
  - g. The spender employs or is under contract with a political consultant or pollster who previously rendered services to the candidate.
3. Reference to a spender includes the spender's agent. Reference to a candidate includes the candidate's agent and City controlled committees.

- B. **"Campaign communication"** means a communication that expressly advocates the election or defeat of a clearly identified City candidate or ballot measure or, taken as a whole and in context, unambiguously urges a particular result in a City election and is authorized, distributed, paid for, or behested by a candidate for elected City office, a City controlled committee, a City recall committee, a City ballot measure committee, or a committee primarily formed to support or oppose City candidates or City ballot measures.
- C. **"City controlled committee"** means a committee created for City purposes and controlled by an elected City officer or a candidate for elected City office. The term includes City campaign committees, officeholder expense funds, legal defense funds relating to City office, and recall and ballot measure committees involving City issues. The term does not include a committee created for election to or the holding of a non-City office.
- D. **"Citywide office"** means the offices of City Attorney, Controller, and Mayor.
- E. **"Communication"** means a message that conveys information or views in a scripted or reproduceable format, including but not limited to paper, audio, video, telephone, electronic, Internet, web logs, and social media.

- F. **“Elected City Office”** means the office of City Council member, City Attorney, Controller, or Mayor.
- G. **“Elected City officer”** means a person who holds elected City office, whether appointed or elected.
- H. **“Fundraising event”** means an event designed for political fundraising, at which contributions for an elected City officer, a candidate for elected City office, or a City controlled committee are solicited or received.
- I. **“General election”** means a regular or special general municipal election for elected City office.
- J. **“Independent expenditure communication”** means a communication that expressly advocates the election or defeat of a clearly identified City candidate or ballot measure or, taken as a whole and in context, unambiguously urges a particular result in a City election and is not authorized, distributed, paid for, or behested by the affected candidate or committee. The term includes member communications, as defined in the Political Reform Act, if any of the following applies:
1. The communication is not a type that is routinely distributed by the member organization;
  2. The communication is not directed solely to and intended only for the member organization’s own members; or
  3. The cost of the communication exceeds the amount that the member organization routinely spends for that type of communication.
- K. **“Legal defense communication”** means a communication permitted for legal defense committees and authorized, distributed, paid for, or behested by a legal defense fund committee or the person who controls the committee.
- L. **“Non-participating candidate”** means a candidate for elected City office who has declined to participate in the public matching funds program.
- M. **“Officeholder communication”** means a communication permitted for City officeholders and authorized, distributed, paid for, or behested by a City officeholder or an officeholder committee.
- N. **“Participating candidate”** means a candidate for elected City office who has agreed to participate in the public matching funds program.
- O. **“Political communication”** means a campaign communication, an independent expenditure communication, a legal defense communication, or an officeholder communication.
- P. **“Political Reform Act”** means the California Political Reform Act of 1974 (California Government Code sections 81000 *et seq.*) and the related regulations of the California Fair Political Practices Commission.
- Q. **“Primary election”** means a regular or special primary nominating election for elected City office.

R. **“Qualified contribution”** means a contribution that may be matched with public funds because it meets all of the following criteria:

1. The contribution is lawful under state and City law.
2. The contribution was received by a participating candidate.
3. The contribution was not received from the participating candidate or the participating candidate’s immediate family.
4. The contribution was received from an individual. Beginning with the 2015 regular City elections, the contribution was received from an individual residing within the City.
5. The contribution is monetary and is not a loan or pledge.
6. The contribution was received no later than three months after the date of the election and no earlier than the following dates:
  - a. For regular primary elections, 12 months prior to the date of the election.
  - b. For special primary elections, the later of 12 months prior to the date of the election or the date the candidate filed a Declaration of Intent to Solicit and Receive Contributions.
  - c. For general elections, the date on which the candidate was permitted to begin soliciting and accepting contributions.

### **SEC. 49.7.3**

#### **Charter-Based Adjustments**

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

- A. The duty applies to the following provisions in the City’s campaign finance laws:
1. The per-person limits on campaign contributions in Charter sections 470(c)(3) and 470(c)(4).
  2. The per-person limits on loans in Charter section 470(c)(8).
  3. The aggregate limits on campaign contributions in Charter section 470(c)(6).
  4. The aggregate limits on campaign contributions from non-individuals in Charter section 470(c)(7).
  5. The per-person limit on cash contributions in Charter section 470(d).
  6. The aggregate limit on anonymous contributions in Charter section 470(e).
  7. The limits on the expenditure of personal funds in a campaign in Section 49.7.23(C)(4).

8. The limits on expenditures by participating candidates in Section 49.7.24.
  9. The independent expenditure threshold that lifts the expenditure ceilings for participating candidates in Section 49.7.25.
- B. The following apply to CPI adjustments.
1. Adjustments shall be made by resolution of the Ethics Commission no later than March 1 of each year.
  2. Adjustments to the values below must reflect the percent change in CPI that is published by the United States Bureau of Labor Statistics for the region that includes the Los Angeles metropolitan area from December 2011 to the December immediately prior to the adjustment.
    - a. \$700 for the per-person limits on contributions and loans to City Council candidates.
    - b. \$1,300 for the per-person limits on contributions and loans to Citywide candidates.
    - c. (\$700 times the number of City Council offices on a ballot) plus (\$1,300 times the number of Citywide offices on a ballot), but not less than \$1,400, for a person's aggregate limit on contributions in a single election.
    - d. The following aggregate limits on non-individual contributions:
      - i. \$202,300 to City Council candidates.
      - ii. \$539,400 to City Attorney and Controller candidates.
      - iii. \$1,213,800 to Mayoral candidates.
    - e. \$25 for the per-person limit on cash contributions.
    - f. \$200 for the aggregate limit on anonymous contributions.
    - g. The following limits on the expenditure of personal funds by participating candidates:
      - i. \$31,100 for City Council candidates.
      - ii. \$124,500 for Citywide candidates.
    - h. The following expenditure limits for participating candidates in primary elections:
      - i. \$480,000 for City Council candidates.
      - ii. \$1,119,000 for Controller candidates.
      - iii. \$1,259,000 for City Attorney candidates.

- iv. \$2,798,000 for Mayoral candidates.
  - i. The following expenditure limits for participating candidates in general elections:
    - i. \$400,000 for City Council candidates.
    - ii. \$840,000 for Controller candidates.
    - iii. \$979,000 for City Attorney candidates.
    - iv. \$2,237,000 for Mayoral candidates.
  - j. The following independent expenditure thresholds that lift the expenditure limits for participating candidates:
    - i. \$77,000 in City Council races.
    - ii. \$155,000 in Controller and City Attorney races.
    - iii. \$309,000 in Mayoral races.
3. Adjustments must be rounded as follows:
- a. To the nearest \$10 for the value in subsection B(2)(e).
  - b. To the nearest \$100 for the values in subsections B(2)(a) through B(2)(d) and B(2)(f).
  - c. To the nearest \$1,000 for the values in subsections B(2)(g) through B(2)(j).
4. Adjustments that apply to limits and thresholds related to elections apply as of the next regular election for which no City fundraising window has opened. All other adjustments apply beginning the July 1 immediately following the adoption of the resolution.
5. Adjustments may not exceed an applicable limit or threshold in state law.

**SEC. 49.7.4**  
**Aggregation of Contributions and Expenditures**

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

- A. Two persons, one of whom controls the other's contribution activity.
- B. A sponsored committee, as defined in Government Code section 82048.7, and its sponsoring organization.

- C. Two entities when the same individuals constitute a majority of each entity's board of directors.
- D. Two entities that share the same officers or a majority of officers. For the purposes of this subsection, an officer does not include an individual who serves only as a member of the entity's board of directors.
- E. A corporation or limited liability company that shares the same majority shareholders or members as or holds a majority of the voting rights in another corporation or limited liability company.
- F. Two corporations in a parent-subsidary relationship, provided that at least one of the corporations is not publicly traded.
- G. An individual and a corporation, limited liability company, firm, joint venture, syndicate, business trust, company, or other business entity other than a sole proprietorship or a general or limited partnership, in which the individual owns an investment of 50 percent or more or holds a majority of the voting rights.
- H. An individual and a sole proprietorship owned by the individual.
- I. A general partner and a general or limited partnership in which the general partner owns an investment of 50 percent or more or holds a majority of the voting rights.

**SEC. 49.7.5**  
**Family Contributions**

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

**SEC. 49.7.6**  
**Text Message Contributions**

- A. A contribution may be made via short message service (SMS), multimedia messaging service (MMS), or other similar text messaging technology.
- B. The following apply to a contribution made via SMS, MMS, or text messaging:
  - 1. It must comply with the same disclosure and recordkeeping requirements and, for participating candidates, the same matching funds requirements that apply to contributions made by other means.
  - 2. It may not exceed the applicable limitation on cash contributions.
  - 3. It is treated as a pledge and is deemed received when a candidate for elected City office or the candidate's controlled committee obtains control of the contribution.

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

#### **SEC. 49.7.7**

##### **Receipt of Contributions**

A contribution shall not be considered to be received if it is not negotiated, deposited, or utilized, and is returned to the donor within 14 days of the date the candidate or committee takes possession or control or receives the benefit of the contribution.

#### **SEC. 49.7.8**

##### **Treatment of Payments**

Any payment received by an elective City officer, candidate for elective City office or any committee controlled by the officer or candidate shall be considered either a campaign contribution, income, a gift, or a payment for legislative or governmental purposes within the meaning of Government Code section 82015(b)(2)(B)(iii). All campaign contributions received by those persons shall be subject to the provisions of Charter sections 470 and 471 and this article unless the contributions are used exclusively for an election in some other jurisdiction. All income and gifts shall be subject to the relevant provisions of the Charter, this article, the Political Reform Act, and other relevant statutes and ordinances. All payments for legislative or governmental purposes within the meaning of Government Code section 82015(b)(2)(B)(iii), other than payments exempted by Section 49.7.12(A) shall be subject to the Officeholder Account provisions of Section 49.7.12.

#### **SEC. 49.7.9**

##### **Loans and Credit**

- A. A loan is a contribution from the maker and the guarantor of the loan and is subject to any applicable contribution limitations of Charter section 470 and this article.
- B. A loan to a candidate or a City controlled committee must be by written agreement and must be filed with the campaign statement on which the loan is first reported.
- C. The proceeds of a loan made to a candidate by a commercial lending institution in the regular course of business on the same terms available to members of the public and which is secured or guaranteed is not a contribution within the meaning of the contribution limitations of Charter section 470 and this article.
- D. Credit (other than a loan referred to in subsection C) that is extended for a period of more than 90 days is subject to the contribution limitations of Charter section 470 and this article. A creditor who demonstrates a commercially reasonable attempt to collect the debt is not subject to the contribution limits for that debt.
- E. Elected City officers may not repay personal loans to themselves from their controlled committees for elected City office in excess of the limitations on personal funds in Section 49.7.23(C)(4).

- F. Elected City officers who were participating candidates may not repay personal loans to themselves from their controlled committees for elected City office if they exceeded an applicable spending limit before the limit was lifted.

**SEC. 49.7.10**  
**Fundraising Windows**

- A. Candidates for City Council and their controlled committees for election to City office may not solicit or accept contributions or cause contributions to be solicited or accepted more than 12 months before the date of the election at which they seek office. Citywide candidates and their controlled committees for election to City office may not solicit or accept contributions or cause contributions to be solicited or accepted more than 18 months before the date of the election at which they seek office.
- B. Candidates for elected City office and their controlled committees for election to City office may not solicit or receive contributions or cause contributions to be solicited or received more than nine months after the date of the election at which they seek office.
  - 1. Candidates and their controlled committees for election to City office may request one three-month extension. The request must be submitted in writing and must state the reasons for the request. The request may be granted by the Executive Officer if the Executive Officer determines that extraordinary circumstances outside the candidate's or committee's control have substantially affected the candidate's or committee's ability to engage in fundraising following the election.
  - 2. Contributions solicited or received or caused to be solicited or received following an election must be used to retire debt, except to the extent prohibited by Section 49.7.9.

**SEC. 49.7.11**  
**Solicitation and Delivery of Campaign Contributions**

- A. The following definitions apply to this section.
  - 1. "Personally deliver" means to deliver a contribution in person or to cause a contribution to be delivered in person by an agent or intermediary.
  - 2. "Prohibited fundraising" means any of the following:
    - a. Requesting that another person make a contribution;
    - b. Inviting a person to a fundraising event;
    - c. Supplying names to be used for invitations to a fundraising event;
    - d. Permitting one's name or signature to appear on a solicitation for contributions or an invitation to a fundraising event;
    - e. Permitting one's official title to be used on a solicitation for contributions or an invitation to a fundraising event;

- f. Providing the use of one's home or business for a fundraising event;
- g. Paying for at least 20 percent of the costs of a fundraising event;
- h. Hiring another person to conduct a fundraising event;
- i. Delivering a contribution, other than one's own, either by mail or in person to an elected City officer, a candidate for elected City office, or a City controlled committee; or
- j. Acting as an agent or intermediary in connection with the making of a contribution.

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

- 1. Solicit contributions from a City official or employee to support or oppose the candidacy of a person for elected City office, support or oppose the recall of an elected City officer, or to contribute to an officeholder or legal defense fund. This prohibition does not apply when a person makes a solicitation to multiple persons if the person unknowingly includes City officers or employees and City officers or employees do not make up more than one percent of the total number of persons included in that solicitation.
- 2. Receive, personally deliver, or attempt to personally deliver a contribution in City Hall, another City office building, or an office for which the City pays the majority of the rent. This prohibition does not apply to the following:
  - a. City property that is rented by a member of the public, unless the lease or rental agreement expressly incorporates this prohibition.
  - b. A contribution that is received by mail if it is forwarded to the candidate, the candidate's campaign treasurer, or the candidate's controlled committee within seven working days of its receipt.

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

- 1. Solicit, direct, or receive a contribution from a person who has or, in the preceding 12 months had, a matter involving City action pending before the board or commission member or general manager.
- 2. Engage in prohibited fundraising on behalf of an elected City officer, a candidate for elected City office, or a City controlled committee. This prohibition does not apply to members of City boards or commissions or general managers who are engaging in fundraising on behalf of their own candidacies for elected office.

**SEC. 49.7.12**

**Training for Candidates and Treasurers**

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

**SEC. 49.7.13**

**Committees to Oppose Recall Petitions**

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

**SEC. 49.7.14**

**Campaign Statement Filing Deadlines**

In addition to the campaign statements that must be filed pursuant to the Political Reform Act, candidates for elected City office, their City controlled committees, City recall committees, City ballot measure committees, and committees primarily formed to support or oppose City candidates or City ballot measures must file campaign statements by the following dates prior to an election in which the candidate or measure appears on the ballot:

- A. The Friday before an election, covering activity through the Wednesday before the election.
- B. October 10, covering activity from July 1 through September 30 in years prior to a City primary election that is held in March of an odd-numbered year.
- C. January 10, covering activity from October 1 through December 31 in years prior to a City primary election that is held in March of an odd-numbered year.

**SEC. 49.7.15**

**Campaign Information**

- A. In addition to the information required by state law, candidates for elected City office and their City controlled committees must file the following information with the Ethics Commission:
  - 1. A non-government email address for the candidate or committee;
  - 2. The campaign's web sites, if any; and
  - 3. The campaign's social media accounts, if any.
- B. If any of the information that has been filed regarding a campaign changes, the candidate or committee must file amended information within 10 days after the change occurs.

## **SEC. 49.7.16**

### **Contributor Information**

A contribution may not be deposited into the campaign checking account of a candidate for elected City office unless the following is on file in the candidate's records:

- A. For individuals, the contributor's name, address, occupation, and employer.
- B. For non-individuals, the contributor's name, address, and primary purpose or primary business interest.
- C. A certification from each contributor that the following is true:
  - 1. The contribution has not been and will not be reimbursed;
  - 2. The contribution is not being made under another person's name, unless the contributor is acting as an intermediary and has identified the information in subsection A of B for the source of the contribution;
  - 3. The contribution is not being made under a name other than the name by which the contributor is identified for legal purposes;
  - 4. The contribution does not exceed the contributor's aggregate contribution limit in Charter section 470(c)(6);
  - 5. The contribution is not from a lobbyist or lobbying firm that is prohibited from contributing under Charter section 470(c)(11); and
  - 6. The contribution is not from a bidder, subcontractor, principal, or underwriting firm that is prohibited from contributing under Charter section 470(c)(12) or Charter section 609(e).

## **SEC. 49.7.17**

### **Filing and Recordkeeping Requirements**

- A. A person required by the Charter or this article to file a document or other item with the Ethics Commission must do so in a method prescribed and published by the Ethics Commission.
  - 1. If an electronic filing is required, the Ethics Commission must provide a unique identifier to the person who is required to file, to be used in place of a physical signature for submitting and verifying data under penalty of perjury.
  - 2. If a paper filing is required, it must contain the physical signature of the person who is required to file. It is considered filed on the earlier of the date of receipt by the Ethics Commission or the date of the postmark if it is mailed and bears the correct address and postage.
- B. A City campaign, officeholder, legal defense, recall, ballot measure, primarily formed, or general purpose committee must file campaign statements electronically once the committee

has received contributions or made expenditures of \$10,000 or more. This requirement continues until the committee is no longer required to file campaign statements with the Ethics Commission. A person who is not required to file electronically may do so voluntarily.

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

#### **SEC. 49.7.18**

##### **Reproduction of Materials**

A person who reproduces, broadcasts, or distributes any material that is drafted, printed, prepared, or previously broadcast by a candidate or a City controlled committee must report the expenditure as a non-monetary contribution to the candidate or committee.

#### **SEC. 49.7.19**

##### **Officeholder Expense Fund**

- A. To effectively serve and fulfill their responsibilities to residents of the City, elected City officers communicate with constituents, undertake efforts to assure efficient City services, and engage in professional development activities. To accomplish these duties and responsibilities, an elected City officer may establish and maintain one officeholder expense fund to pay for expenses enumerated in this section that relate to carrying out the duties associated with holding elected City office.
  - 1. A single controlled committee must be established for the officeholder expense fund, and all expenditures made for the purposes of assisting, serving, or communicating with constituents must be made by that committee.
  - 2. The committee must establish one checking account at an office of a financial institution located in the City for the officeholder expense fund. All contributions received in connection with the officeholder expense fund must be deposited into that account.
- B. An expenditure from the officeholder expense fund must be related to assisting, or serving, or communicating with constituents, or otherwise made in connection with the official duties of the elected City officer. No expenditure may be made from an officeholder expense fund regulated by this section unless the expenditure falls into one or more of the following categories:
  - 1. Expenditures for fundraising (including solicitations by mail) for the officeholder expense fund.
  - 2. Expenditures for office equipment, office furnishings, and office supplies.
  - 3. Expenditures for office rent.

4. Expenditures for salaries of part-time or full-time staff employed by the officeholder expense fund committee.
5. Expenditures for consulting, research, polling, photograph, videotaping and similar services.
6. Expenditures for conferences, meetings, receptions, and events attended in the performance of governmental duties by the officeholder or a member of the officeholder's staff. These expenditures may include fees for materials, registration, or admission.
7. Expenditures for travel, including lodging, meals, and other related disbursements, incurred in the performance of governmental duties by the officeholder, a member of the officeholder's staff, or a member of such person's household accompanying the person on such travel.
8. Expenditures for meals during which the attendees conduct official City business.
9. Expenditures for donations to organizations that have received a federal tax exemption under Internal Revenue Code section 501(c)(3). For purposes of this paragraph, a donation is a payment of which a majority of the expenditure could be deducted as a charitable deduction for federal income tax purposes. A donation may be the purchase of tickets to a charitable event, provided that the majority of the ticket price would be tax deductible and that no substantial part of the proceeds from the event will personally benefit the officeholder, any member of the officeholder's immediate family, the officeholder expense committee, or the committee's treasurer.
10. Expenditures for memberships to civic or professional organizations, if such membership serves a governmental or legislative purpose.
11. Expenditures for an educational course or educational seminar if the course or seminar maintains or improves skills which are employed by the officeholder or a member of the officeholder's staff in the performance of his or her governmental responsibilities.
12. Expenditures for advertisements in program books, testimonials, souvenir books, or other publications if the advertisement does not support or oppose the nomination or election of a candidate for City office.
13. Expenditures for mailings to persons within the City which provide information related to City-sponsored events, government services, the requirements of the law or an official's position on a particular matter on which the Council, Mayor, or a City agency is acting or has recently acted.
14. Expenditures for the purchase of tickets to political events, where no substantial part of the proceeds will personally benefit the officeholder, any member of the officeholder's immediate family, or the officeholder's committee treasurer.
15. Expenditures for expressions of congratulations, appreciation, or condolence sent to constituents, employees, governmental officials, or other individuals with whom the officeholder communicates in an official capacity. No more than \$100 per fiscal year may be expended per individual recipient.

16. Expenditures for conferences, meetings, receptions, and events concerning City business or issues which are officially sponsored and hosted by the officeholder. These expenditures may include site fees, advertising brochures, invitations, materials distributed to attendees, refreshments, equipment, services, and other incidental expenses.
  17. Expenditures for events such as meetings, luncheons, and retreats attended primarily by the officeholder's staff in the conduct of official City business.
  18. Expenditures for social events held by the officeholder to honor or thank members of the officeholder's staff or in connection with a holiday celebration attended primarily by the officeholder's staff.
  19. Expenditures for payment of tax liabilities incurred as a result of authorized officeholder expense fund transactions.
  20. Expenditures for accounting, professional, and administrative services provided to the officeholder expense fund.
  21. Expenditures to pay for expenses that are associated with the officeholder's campaign committee and were either unforeseen or could not reasonably have been paid by the campaign committee.
  22. An expenditure similar to the specified expenditures if, prior to making the expenditure, the officeholder or the officeholder expense fund has received written advice from the Ethics Commission that the expenditure is permissible pursuant to this subsection. The Ethics Commission must respond to requests for such approval no more than five working days from the date a request for formal advice has been received.
- C. Officeholder expense funds may not be used for the following:
1. Expenditures in connection with a future election for elective City office.
  2. Membership in any athletic, social, fraternal, veteran, or religious organization.
  3. Supplemental compensation for employees for performance of an act which would be required or expected of the person in the regular course of duties as a City official or employee.
  4. Expenditures that would violate the provisions of Government Code Section 89506 or 89512 through 89519.
- D. A person may not make, and an officeholder or officeholder expense fund may not solicit or accept or cause to be solicited or accepted from a single person contributions or payments for legislative or governmental purposes within the meaning of Government Code Section 82015(b)(2)(B)(iii), all of which cumulatively exceed the following during any fiscal year:
1. \$1,000 to the officeholder expense fund of a Citywide officeholder; or
  2. \$500 to the officeholder expense fund of a City Council officeholder.

For purposes of this article, a payment made for legislative or governmental purposes does not include any payments by Internal Revenue Code Section 501(c)(3) non-profit organizations and bona fide educational institutions for a salary or other remuneration to a student or other worker who serves as an intern in the office of an elected City officer.

- E. An elected City officer or officeholder expense fund may not solicit or accept or cause to be solicited or accepted any contribution that would cause the total of either the amount of contributions from all persons to an officeholder expense fund or the total outstanding balance of the fund during any fiscal year to exceed \$75,000.
- F. Campaign funds remaining in the campaign checking account of a candidate elected to City office shall be transferred into the officeholder expense fund within six months after election to office. The amount of funds transferred from an officeholder's campaign committee and from any other officeholder expense fund account controlled by the same elective City officer shall reduce by an equal amount the contributions that may be solicited or accepted for the officeholder expense fund during that fiscal year. A maximum of \$75,000 may be transferred into the account. If the transfer equals \$75,000, no contributions may be solicited or accepted for the officeholder expense fund for the fiscal year during which the transfer is made.
- G. Expenditures from the officeholder expense fund may not exceed \$75,000 in a fiscal year.
- H. From the date the elected City officer files a Declaration of Intention to Become a Candidate through the date of the election for which the declaration was filed, officeholder expense funds may not be expended for the following:
  - 1. Consulting, research, polling, photography, videotaping, and similar services.
  - 2. Conferences, meetings, receptions, and events attended by the officeholder.
  - 3. Travel, including lodging, meals, and other related disbursements, incurred in the performance of governmental duties by the officeholder, a member of the officeholder's staff, or a member of such person's household accompanying the person on such travel, except to the extent that the travel is in conjunction with an organization that has received tax-exempt status under Internal Revenue Code section 501(c)(3).
  - 4. Advertisements in program books, testimonials, souvenir books, or other publications.
  - 5. Mailings that provide information about City business when either of the following applies:
    - a. The mailing consists of more than 200 substantially similar pieces; or
    - b. The mailing contains the officeholder's name (other than as part of an electronic mail or Internet address or once on a letterhead or envelope) or photograph.
- I. An officeholder expense fund committee may not incur an expenditure for personal services unless the committee first enters into a written contract for such services. The contract must set forth the services to be performed and the amount that will be paid for such services (or a basis for calculating the amount).

## SEC. 49.7.20

### Legal Defense Fund

- A. Every elected City officer or candidate for elected City office may establish and maintain a legal defense fund for a civil or criminal court case or administrative proceeding arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officeholder's governmental activities and duties.
1. In addition to contributions received in connection with an election to an elected City office or to defray officeholder expenses, an elected City officer or candidate for elected City office who receives contributions for a legal defense fund may use those funds solely to defray attorney's fees and other legal costs incurred in the officeholder's or candidate's legal defense to the civil or criminal court case or administrative proceeding.
  2. The officeholder or candidate shall file with the Ethics Commission a Statement of Purpose identifying the specific civil or criminal court case or administrative proceedings for which the legal defense fund is established. The Statement of Purpose must be filed before any contributions are solicited or accepted.
  3. The legal defense fund must be named "The [name of candidate or officeholder] Legal Defense Fund for [case or proceeding number or, if a number does not exist, a brief description of the case or proceeding]".
  4. A single controlled committee must be established for the legal defense fund and all expenditures must be made by that committee.
  5. The committee must establish one checking account at an office of a financial institution located in the City for the legal defense fund. All contributions received in connection with the legal defense fund must be deposited into that account.
- B. A person may not make and an elected City officer or candidate for elected City office may not solicit or accept from a single person contributions totaling more than \$1,000 during a fiscal year to a legal defense fund in connection with a single court case or administrative proceeding identified in the Statement of Purpose.
- C. Within six months after the final conclusion of the case or proceeding and the payment of all debts incurred in connection with that case or proceeding, any surplus legal defense funds may be used in connection with another legal defense fund, returned to donors on a pro rata basis, or given to the City's General Fund.
- D. This section is the sole authority for soliciting or accepting contributions for the defense of an action relating to an election campaign, electoral process, or an officeholder's conduct in office.

## **SEC. 49.7.21**

### **Disclosure by Officeholder Expense Funds and Legal Defense Funds**

In addition to the campaign statements required by the Political Reform Act and Section 49.7.14, elected City officers and candidates must file campaign statements for their officeholder expense funds and legal defense funds as follows:

1. Except as specified in subsection E(2), quarterly statements must be filed no later than the following dates.
  - a. April 30 for the quarter ending March 31;
  - b. July 31 for the quarter ending June 30;
  - c. October 31 for the quarter ending September 30; and
  - d. January 31 for the quarter ending December 31.
2. When the officeholder or candidate has filed a Declaration of Intent to Solicit and Receive Contributions, quarterly statements must be filed no later than the following dates.
  - a. During the year prior to the election:
    - i. April 30 for the quarter ending March 31;
    - ii. July 31 for the quarter ending June 30;
    - iii. October 10 for the quarter ending September 30; and
    - iv. January 10 for the quarter ending December 31.
  - b. During the year of the election:
    - i. July 31 for the quarter ending June 30, including any activity not covered by the previous campaign statement;
    - ii. October 31 for the quarter ending September 30; and
    - iii. January 31 for the quarter ending December 31.

## **SEC. 49.7.22**

### **Acceptance or Rejection of Matching Funds**

- A. At the time of filing the Declaration of Intention to Become a Candidate pursuant to City Election Code section 301, each candidate must file a statement of acceptance or rejection of matching funds. A candidate who agrees to accept matching funds must comply with the requirements of the program, including but not limited to the expenditure ceilings.

- B. A candidate who has filed a statement of acceptance of matching funds may subsequently reject matching funds up to five business days after the final filing date for the Declaration of Intention to Become a Candidate if another candidate in the same race has rejected matching funds. The candidate must return to the City any matching funds payments received for that election.

#### **SEC. 49.7.23**

#### **Participation and Qualification Requirements**

- A. Agreeing to participate in the matching funds program is binding for both the primary election and the general election.
- B. A participating candidate who qualifies to receive matching funds in the primary election automatically qualifies to receive matching funds in the general election. A participating candidate who does not qualify to receive matching funds in the primary election may qualify to receive matching funds through the candidate's controlled committee for the general election.
- C. Qualification means that a participating candidate has met all of the following requirements:
  - 1. The candidate and the candidate's controlled committee received qualified contributions that meet the following criteria.
    - a. The contributions meet or exceed the following aggregate amounts:
      - i. \$25,000 for City Council candidates;
      - ii. \$75,000 for City Attorney and Controller candidates;
      - iii. \$150,000 for Mayoral candidates.

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

- b. The contributions are not from the candidate or the candidate's immediate family.
- c. For regular elections, the contributions were received prior to the date of the election and after the opening of the applicable fundraising window, as specified in Section 49.7.10(A). For special elections, the contributions were received prior to the date of the election, after the election has been called, and after the Declaration of Intent to Solicit and Receive Contributions has been filed.
- d. Beginning with the 2015 regular City elections, the contributions were received from individuals residing within the City.
- e. Beginning with the 2015 regular City elections, the contributions include 200 contributions of at least five dollars each from individuals residing within the City

or, for City Council candidates, within the council district for which election is sought.

2. The candidate is certified to appear on the ballot for the election and is not a write-in candidate.
3. The candidate is opposed by a candidate running for the same office who has qualified to appear on the ballot for that election and is not a write-in candidate.
4. The candidate contributes no more than the following amounts in personal funds to the campaign:
  - a. \$31,100 for City Council candidates.
  - b. \$124,500 for Citywide candidates.

These amounts are subject to adjustment under Section 49.7.3.

5. The candidate agrees in writing to participate in at least one debate with opponents in the primary election and in at least two debates with the opponent in the general election.
  6. The candidate agrees in writing not to exceed the applicable expenditure ceilings.
  7. The candidate or the candidate's controlled committee has filed all previously due campaign statements required by the Political Reform Act, the Charter, this Code, or the Administrative Code.
- D. A participating candidate who violates the terms of the matching funds program is disqualified from receiving matching funds for the remainder of the election cycle.

**SEC. 49.7.24**  
**Expenditure Ceilings**

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

**SEC. 49.7.25**  
**Expenditure Ceilings Lifted**

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

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

These amounts are subject to adjustment under Section 49.7.3.

**SEC. 49.7.26**  
**Notice Regarding Expenditure Ceilings**

A non-participating candidate must notify the Ethics Commission on the day the candidate raises more than 100 percent of the applicable expenditure ceiling and again on the day the candidate spends more than 100 percent of the applicable expenditure limit. The Ethics Commission must notify all other candidates for the same office within one business day of receiving the non-participating candidate's notice.

**SEC. 49.7.27**  
**Matching Funds Formula**

- A. A qualified contribution will be matched with public funds up to the following amounts:
  - 1. \$250 per qualified contribution for City Council-candidates;
  - 2. \$500 per qualified contribution for Citywide candidates.
- B. Four dollars in matching funds will be paid to qualified participating candidates for each dollar in qualified contributions. In a general election, each participating candidate who has qualified to receive matching funds will, upon certification for the ballot, receive a grant of one-fifth of the amount specified in Section 49.7.29(B). The remaining four-fifths will be paid at the rate of four dollars in matching funds for each dollar in qualified contributions.

#### **SEC. 49.7.28**

##### **Requests for Matching Funds Payments**

- A. A participating candidate may not request a matching funds payment for less than \$10,000 in qualified contributions at any one time up to 14 days preceding an election. Beginning 14 days before an election and ending on the last day to submit requests for payment, as identified in Administrative Code section 24.34(c)(3), a participating candidate may request a matching funds payment for \$1,000 or more in qualified contributions at any one time.
- B. Requests for matching funds payments must contain the information required by the Ethics Commission.
- C. A candidate who makes a request for matching funds payment and knows or should know that the request is false or that a contribution that forms the basis of the request is misrepresented is guilty of a misdemeanor and must return all matching funds received as a result of the request. If the candidate holds or is elected to office, the false request constitutes a violation of official duties and, if it is deemed appropriate by a court under Charter section 207(c), shall be removed from office.

#### **SEC. 49.7.29**

##### **Maximum Matching Funds**

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

#### **SEC. 49.7.30**

##### **Matching Funds Payments to Candidates**

- A. The Ethics Commission must certify each request for matching funds payment within three business days after receiving the request.

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

#### **SEC. 49.7.31**

#### **Disclosure of Independent Expenditure Communications**

- A. A person who qualifies as a committee under the Political Reform Act must notify the Ethics Commission within 24 hours of doing either of the following for an independent expenditure communication:

1. Making or incurring expenditures of \$1,000 or more.
2. Distributing an audio, video, written, or electronic communication to 200 or more persons, without regard to cost.

Once a notification threshold is met, every subsequent expenditure made or incurred regarding that measure or candidate must also be disclosed.

- B. A person other than a person who qualifies as a committee under the Political Reform Act must notify the Ethics Commission within 24 hours of distributing an audio, video, written, or electronic independent expenditure communication to 1,000 or more persons, without regard to cost.

- C. The notification under subsection A must include the following.

1. A declaration under penalty of perjury signed by the person and the committee treasurer, specifying the following:
  - a. Each candidate or measure supported or opposed by the communication;
  - b. For a communication under subsection A(1), the amount of the expenditure and the amount spent to support or oppose each candidate or measure, and for an communications under subsection A(2), the number of persons to whom the communication was distributed;
  - c. Whether each candidate or measure was supported or opposed;
  - d. That the communication was not behested by any of the candidates who benefited from it;

- e. The dates the communication was made or distributed and any expenditures were incurred;
  - f. A description of the type of communication;
  - g. The name and address of the person making, distributing, or incurring the communication;
  - h. The name and address of the payee, if applicable, and any vendor that provided service for the communication;
  - i. Contributions of \$100 or more received by the committee since the later of the day after the closing date of the campaign statement filed by the committee or the first day of the current calendar year. This disclosure requirement does not apply to contributions that are earmarked for a non-City candidate or ballot measure; and
  - j. Contributions of \$100 or more that the person made in the current calendar year to City candidates, City controlled committees, City ballot measure committees, City recall committees, committees primarily formed to support or oppose City candidates or measures, and City general purpose recipient committees.
2. A copy of the communication.
- a. If the communication is a telephone call or similar audio communication, a copy of the script and, if the communication is recorded, the recording must be provided.
  - b. If the communication is audio or video, a copy of the script and an audio or video file must be provided.
- D. The notification under subsection B must include the following.
- 1. A declaration under penalty of perjury signed by the person, specifying the following:
    - a. Each candidate or measure supported or opposed by the communication;
    - b. The number of persons to whom the communication was distributed;
    - c. Whether each candidate or measure was supported or opposed;
    - d. That the communication was not behested by any candidate who benefited from it;
    - e. The dates the communication was distributed;
    - f. A description of the type of communication; and
    - g. The name and address of the person distributing the communication.

2. A copy of the communication.
  - a. If the communication is a telephone call or similar audio communication, a copy of the script and, if the communication is recorded, the recording must be provided.
  - b. If the communication is audio or video, a copy of the script and an audio or video file must be provided.
- E. If an independent expenditure communication supports or opposes a City candidate, the Ethics Commission staff will notify all candidates in the affected race within one business day after receiving the required notice. The notification will indicate the candidates supported or opposed by the independent expenditure communication, as indicated on the signed declaration, and will include a copy of the independent expenditure communication.
- F. All copies of independent expenditure communications that must be filed with the Ethics Commission must be posted on the Ethics Commission's website without alteration. The Ethics Commission may not judge, comment upon, or edit the contents of an independent expenditure communication.

#### **SEC. 49.7.32**

##### **Disclosure of Campaign, Officeholder, and Legal Defense Communications**

- A. A person who makes a campaign, officeholder, or legal defense communication must file a copy of the communication with the Ethics Commission within 24 hours of doing any of the following for the communication:
  1. Making or incurring expenditures of \$1,000 or more.
  2. Distributing an audio, video, written, or electronic communication to 200 or more persons, without regard to cost.
- B. If the campaign, officeholder, or legal defense communication is a telephone call or similar audio communication, a copy of the script and, if the communication is recorded, the recording must be provided.
- C. If the campaign, officeholder, or legal defense communication is audio or video, a copy of the script and an audio or video file must be provided.
- D. All copies of campaign, officeholder, and legal defense communications that must be filed with the Ethics Commission must be posted on the Ethics Commission's website without alteration. The Ethics Commission may not judge, comment upon, or edit the contents of a communication.

#### **SEC. 49.7.33**

##### **Disclaimers on Political Communications**

- A. A campaign, officeholder, or legal defense communication must incorporate the following statements:

1. "Paid for by" immediately followed by the name, address, and city of that candidate or committee.
    - a. If the communication is made by a controlled committee, the name of the person controlling the committee must also be included.
    - b. If an acronym is used to specify a committee name, the full name of any sponsoring organization of the committee must also be included.
  2. "Additional information is available at ethics.lacity.org."
- B. An independent expenditure communication under Section 49.7.31(A) must incorporate the following statements:
1. "Paid for by" immediately followed by the person's name, address, and city. If an acronym is used to specify a committee name, the full name of the sponsoring committee must also be included.
  2. "Not authorized by or coordinated with a City candidate."
  3. "Major funding provided by [names of the two contributors who gave the most to the committee in the six months prior to the date of the payment for the independent expenditure], in the amount of [the total amount of contributions made by those contributors in the same six-month period]."
  4. "Additional information is available at ethics.lacity.org."
- C. An independent expenditure communication under Section 49.7.31(B) must incorporate the following statements:
1. "Not authorized by or coordinated with a City candidate."
  2. "Additional information is available at ethics.lacity.org."
- D. All disclaimers must be presented in a clear and conspicuous manner to give the reader, observer, or listener adequate notice. Minimum requirements are specified below.
1. For written communications up to 24 inches by 36 inches, disclaimers shall be printed using a typeface that is easily legible to an average reader and is not less than 12-point type in a color that contrasts with the background on which it appears.
  2. For written communications larger than 24 inches by 36 inches, the total height of the disclaimer shall constitute at least five percent of the total height of the communication, be printed using a typeface that is easily legible to an average reader, and be printed in a color that contrasts with the background on which it appears.
  3. For video communications, the disclaimer shall be written in a typeface that is easily legible to an average reader, in a color that contrasts with the background on which it appears, and must appear for at least four seconds at either the beginning or the end of the communication. A spoken disclaimer is also required if the written disclaimer does not appear for at least five seconds of a communication that is 30 seconds or less or for

at least ten seconds of a communication that is longer than 30 seconds. A spoken disclaimer must be clearly audible and spoken at the same speed and volume as the rest of the communication.

4. For audio communications, disclaimers shall be spoken in a clearly audible manner at either the beginning or end of the communication. The disclaimers shall be spoken at the same speed and volume as the rest of the communication and shall last at least five seconds.
- E. Disclaimers are required for all political communications that must be disclosed under Section 49.7.31 or 49.7.32, with the following exceptions.
1. Small promotional items, such as pens, pencils, mugs, and potholders, and other items on which a disclaimer cannot be reasonably displayed in an easily legible typeface.
  2. Advertisements paid for by a newspaper, radio station, television station, or other recognized news medium, unless the disclaimer is required for a paid communication under Section 49.7.34.
- F. Political communications must be amended within five business days after any information in the disclaimer changes. A committee shall be deemed to have complied with this requirement if, within five business days, the amended communication is sent to all affected recipients with a request that the previous communication immediately be replaced. For written communications, disclaimers must be amended to reflect accurate disclosure information every time the communication is reproduced.

#### **SEC. 49.7.34**

##### **Social Media Accounts**

- A. A candidate or City controlled committee that elects to use social media accounts to communicate regarding the candidate's campaign must include the following statement on each account's home page: "This account is being used for campaign purposes for [name of candidate or committee]."
1. The statement must be prominent, in a typeface that is easily legible to an average reader and in a color that contrasts with the background on which it appears.
  2. The statement must be displayed from the time the candidate or committee first begins to use the account for campaign purposes until the election for which it is used is over.
- B. An elected City officer may not use a social media account for campaign purposes if the account is used or has been used for City purposes.

#### **SEC. 49.7.35**

##### **Bidder Contribution and Fundraising Restrictions**

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

1. **"Awarding Authority"** means the City Council, a City board, commission, authorized employee, or authorized officer, including those who have control of their own special funds but excluding the City Purchasing Agent when acting pursuant to section 9.1 of the Los Angeles Administrative Code, who makes or enters into a contract for the provision of goods or services of any kind or nature whatsoever to, for, or on behalf of the City. References to the awarding authority shall include references to staff when working on a matter subject to this article.
2. **"Approval by an elected City officer"** means approval of a contract or selection of a pre-qualified list of persons to contract with the City in any of the following circumstances:
  - a. The elected City officer or the elected City officer's office is the awarding authority;
  - b. The contract involves services provided directly to or under the supervision of the elected City officer; or
  - c. The contract requires approval of the elected City officer or the elected City officer's office pursuant to City law, executive directive, or City Council action.

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

3. **"Bidder"** means a person who bids on or submits a proposal or other response to a City contract solicitation.
4. **"Contract solicitation"** means a request for proposals, request for bids, request for qualifications, or any other request, whether written or verbal, for purposes of entering into a contract. However, a solicitation does not include a request to enter into a contract that relies on other City agency's competitive process if the prior City contract was subject to the Charter section 470(c)(12) restrictions and restrictions of this section.
5. **"Contract"** means any agreement, franchise, lease, non-regulatory permit, land use license or easement, or concession, including any agreement for occasional professional or technical personal services, for the performance of any work or service or construction, the provision of any materials, goods, equipment, or supplies, the sale or purchase of property, the making of grants, or the rendering of any service to the City, including any proprietary department, or to the public where all of the following apply:
  - a. The contract is let, awarded, or entered into, with, or on behalf of the City or an awarding authority;

- b. The contract has an anticipated value of at least \$100,000, including exercising all anticipated options; and
- c. The contract requires approval by an elected City office.

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

- 6. **"Principal"** means the following with regard to persons who are bidders and subcontractors:
  - a. The person's board chair, president, chief executive officer, chief operating officer, and an individual who serves in the functional equivalent of one or more of those positions;
  - b. An individual who holds an ownership interest in the person of 20 percent or more; and
  - c. An individual employee of the bidder or subcontractor authorized by the bid or proposal to represent the person before the City.
- 7. **"Prohibited fundraising"** means the following activities:
  - a. Asking the bidder, subcontractor, or an employee, officer, or principal of the bidder or subcontractor to make a contribution;
  - b. Inviting the bidder, subcontractor, or an employee, officer or principal of the bidder or subcontractor to a fundraising event;
  - c. Supplying the name of the bidder, subcontractor, or an employee, officer or principal of the bidder or subcontractor to be used for an invitation to a fundraising event;
  - d. Permitting one's name to appear on a solicitation for contributions or an invitation to a fundraising event sent to the bidder, subcontractor, or an employee, officer, or principal of the bidder or subcontractor;
  - e. Providing the use of one's home or business to hold a fundraising event if the bidder, subcontractor or an employee, officer, or principal of the bidder or subcontractor attends the event;
  - f. Paying for at least 20 percent of the costs of a fundraising event if the bidder, subcontractor, or an employee, officer, or principal of the bidder or subcontractor attends the event;

- g. Hiring another person to conduct a fundraising event if the bidder, a subcontractor, or an employee, officer, or principal of the bidder or subcontractor attends the event;
  - h. Delivering a contribution, either in person or by mail, of the bidder, a subcontractor, or an employee, officer, or principal of the bidder or subcontractor to the elected City officer, candidate for elected City office, or an agent of the officer or candidate; or
  - i. Acting as an agent or intermediary in connection with the making of a contribution of the bidder, a subcontractor, or an employee, officer, or principal of the bidder or subcontractor to an elected City officer, a candidate for elected City office, or a City controlled committee.
8. **"Subcontractor"** means a person who is expected to receive at least \$100,000 as a result of performing some or all of a bidder's contract obligations and includes a subtenant where the subtenant is expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of the contractor and is required to pay the contractor at least \$100,000.

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

1. **Timing of Fundraising and Contribution Restrictions.** In addition to the restrictions provided in Charter section 470(c)(12), except as otherwise provided in subsection B(5), bidders, subcontractors, and principals may not make contributions to or engage in prohibited fundraising for elected City officers, candidates for elected City office, or City controlled committees from the date a bid is submitted until one of the following dates:
  - a. For unsuccessful bidders, the date the contract is signed or the solicitation is withdrawn or canceled.
  - b. For successful bidders, 12 months after the contract is signed.
2. **Contract Solicitations and Notifications.** Each awarding authority shall include in each contract solicitation the form identified in subsection B(3) and a description of the prohibitions and requirements of Charter section 470(c)(12). The awarding authority shall determine whether the form is complete for responsiveness purposes and electronically submit the form to the City Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission, within ten business days of the bid due date. The awarding authority shall either notify bidders who are not awarded a contract of the date that the contract was signed or the contract solicitation was terminated or withdrawn or notify the bidders how they may obtain or request the date that the contract was signed or the contract solicitation was terminated or withdrawn, unless that information is available on a City website.
3. **Disclosure Form.** As provided in subsection B(2), every bidder shall file with the awarding authority, at the time the bid or other response is submitted, the following information under oath in a form and format approved by the City Ethics Commission:

- a. A description of the contract, including any City reference number associated with it, or if selection is of a pre-qualified list, a short description of the services to be provided, including any City reference number associated with it;
  - b. The name of the awarding authority;
  - c. The date the bid or other response was submitted to the awarding authority;
  - d. The name of the bidder;
  - e. The address of the bidder;
  - f. The phone number of the bidder;
  - g. The names and titles of the bidder's principals;
  - h. The names of the bidder's subcontractors;
  - i. The names and titles of each subcontractor's principals; and
  - j. A certification that the bidder understands, will comply with, and will notify its principals and sub-contractors of the prohibitions and restrictions in this section and Charter section 470(c)(12).
4. **Requirement to Amend Form.** If the information submitted pursuant to subsection B(3) changes after the bid is submitted, the bidder shall amend the form and submit it to the awarding authority within ten business days of the change. The requirement to amend the form applies whenever the prohibitions and restrictions in Charter section 470(c)(12) apply to the bidder, including after the contract approval for successful bidders. The awarding authority shall electronically submit the form to the City Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission, within 10 business days of receipt.
5. **Contract Amendments.** If a contract amendment requires approval by an elected City officer and makes the total value of the contract \$100,000, or more for the first time, the prohibitions and restrictions in Charter section 470(c)(12) apply from the date the awarding authority first discusses the amendment and terminates 12 months after the date the amendment is approved, disapproved, or withdrawn. However, the restrictions in Charter section 470(c)(12) do not apply to any subsequent amendments if the contract was previously subject to the restrictions and the contractor fulfilled its obligations under the Charter and this section.
- a. The awarding authority shall notify bidders who were not previously required to submit the form identified in subsection B(3) of the requirements in this section and Charter section 470(c)(12) at the time the awarding authority first discusses the amendment with the bidder.
  - b. Bidders who were not previously required to submit the form identified in subsection B(3) shall submit the form within ten business days of the date the awarding authority first discusses the amendment with the bidder. The awarding authority shall electronically submit the form to the City Ethics Commission in a

Portable Document Format (PDF) or other electronic format pre-approved by the Commission within 10 business days of receipt.

- c. This provision does not apply to the exercise of an option that has been previously approved in a written contract.

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

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

1. In addition to any other penalties or remedies established by this article, a person who is found to have violated this section or Charter section 470(c)(12) shall not be eligible to bid on or be considered for a contract, extension, or amendment unless the Ethics Commission, as a body, determines that mitigating circumstances exist concerning such violation.
2. The Ethics Commission, as a body, shall determine whether mitigating circumstances apply whenever a violation of this section or Charter section 470(c)(12) is determined to have occurred. If the Ethics Commission determines that mitigating circumstances do not exist, the person found to be in violation shall be debarred for the following periods of time after the Ethics Commission's determination:
  - a. One year for the first violation;
  - b. Two years for the second violation;
  - c. Three years for the third violation; and
  - d. Four years for the fourth and subsequent violations.
3. The Ethics Commission may adopt regulations regarding mitigating circumstances, including what constitutes mitigating circumstances and any other information determined to be necessary.
4. The Ethics Commission staff shall notify all agencies, departments, board and offices of a determination of debarment within 10 business days of the determination. The Ethics Commission's determination regarding debarment is final as to all offices, departments, boards, and agencies and may not be waived.
5. If an awarding authority has an existing contract with a person who is identified in a debarment notice from the Ethics Commission staff, the awarding authority shall determine in writing and, if the awarding authority is a City board, commission, or City Council, at a public meeting whether it is the best interests of the City to terminate the contract.

6. An awarding authority shall not determine whether a violation of this article or any other City law regarding campaign financing, lobbying, or governmental ethics has occurred.
7. A person who fails to submit a complete disclosure form as required by this section shall be deemed nonresponsive. However, an awarding authority may award the contract to a bidder who did not submit a complete disclosure form under the following circumstances:
  - a. The contract is a sole source contract for work (as defined in U.S. copyright law) that is protected under an exclusive copyright interest or a subject matter (as defined in U.S. patent law) that is protected by a U.S. patent or a foreign patent that is enforceable in the United States; and
  - b. Before awarding the contract, the awarding authority does the following:
    - i. Makes a written finding that entering into the contract is in the best interests of the City; and
    - ii. Notifies the contractor that the contractor, subcontractor, and principals that, notwithstanding the failure to complete the disclosure form, they are not relieved of their obligations to comply with the requirements of the Charter and this section or the penalties that may result from failing to comply with those requirements.

#### **SEC. 49.7.36**

#### **Underwriter Contribution and Fundraising Restrictions.**

- A. **Definitions.** For purposes of Charter section 609(e), the definition of awarding authority in Section 49.7.35(A) applies. The following definitions also apply:
  1. **"Prohibited Fundraising"** means the following activities:
    - a. Asking the underwriting firm, subcontractor, or an employee, officer, or principal of the underwriting firm or subcontractor to make a contribution;
    - b. Inviting the underwriting firm, subcontractor, or an employee, officer, or principal of the underwriting firm or subcontractor to a fundraising event;
    - c. Supplying the name of the underwriting firm, subcontractor, or an employee, officer, or principal of the underwriting firm or subcontractor to be used for an invitation to a fundraising event.;
    - d. Permitting one's name to appear on a solicitation for contributions or an invitation to a fundraising event sent to the underwriting firm, subcontractor, or an employee or officer of one of those persons;
    - e. Providing the use of one's home or business to hold a fundraising event if the underwriting firm, subcontractor, or an employee, officer, or principal of the underwriting firm or subcontractor attends the event;

- f. Paying for at least 20 percent of the costs of a fundraising event if the underwriting firm, subcontractor, or an employee, officer, or principal of the underwriting firm or subcontractor attends the event;
  - g. Hiring another person to conduct a fundraising event if the underwriting firm, subcontractor, or an employee, officer, or principal of the underwriting firm or subcontractor attends the event;
  - h. Delivering a contribution, either in person or by mail, of the underwriting firm, subcontractor, or to an employee, officer, or principal of the underwriting firm or subcontractor to an elected City officer, a candidate for elected City office, or an agent of the officer or candidate; or
  - i. Acting as an agent or intermediary in connection with the making of a contribution by the underwriting firm, subcontractor, or to an or employee, officer, or principal of the underwriting firm or subcontractor to an elected City officer, a candidate for elected City office, or a City controlled committee.
- 2. **"Subcontractor"** means a person who is expected to receive at least \$100,000 as a result of performing some or all of the underwriting firm's contract obligations but does not include an underwriting firm member of the syndicate in the applicable revenue bond sale.
  - 3. **"Underwriting firm"** means any firm that seeks to provide underwriting services for noncompetitive sales of revenue bonds for the Airport, Harbor, or Water and Power Departments as provided in Charter section 609 in response to a solicitation from an awarding authority.
- B. For purposes of Charter section 609(e), the following apply:
- 1. **Timing of Fundraising and Contribution Restrictions.** In addition to the restrictions provided in Charter section 609(e), underwriting firms, subcontractors, and principals may not make any contributions to or engage in prohibited fundraising for elected City officers, candidates for elected City office, or City controlled committees from the date a response is submitted to a solicitation to be included on a pre-qualified list of underwriters or any subsequent solicitation for selection of an underwriter until one of the following dates:
    - a. For underwriting firms that are not selected to be on the pre-qualified list, the date the list selection is made.
    - b. For underwriting firms that are on the pre-qualified list, but not selected to contract after a subsequent solicitation, and are not members of the syndicate providing underwriting services on the sale of the revenue bonds, 12 months following the date of the list selection, and following the solicitation, on the date of the selection of the underwriting firm for a noncompetitive bond sale, or the date the solicitation is withdrawn or canceled.
    - c. For underwriting firms that are on the pre-qualified list, and are selected to contract after a subsequent solicitation, or are members of the syndicate providing underwriting services on the sale of the revenue bonds, 12 months

following the date of the list selection, and 12 months after the underwriter selection is made.

2. **Contract Solicitations and Notifications.** Each awarding authority shall include in each contract solicitation for underwriting firm services regarding a noncompetitive sale for revenue bonds, including selection of a pre-qualified list of underwriters, the form identified in subsection B(3) and a description of the prohibitions and requirements in the City Charter section 609(e) and this section. The awarding authority shall determine whether the form is complete for responsiveness purposes and shall electronically submit the form to the City Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission, within 10 business days of the due date of the proposals. The awarding authority shall notify each underwriting firm that is not selected as pre-qualified underwriter or not selected as the underwriter on a particular noncompetitive sale of revenue bonds, the date the selection was made, terminated, or withdrawn, unless that information is available on a City website.
  
3. **Disclosure Form.** Every underwriting firm seeking to provide services regarding noncompetitive sales of revenue bonds under Charter section 609(e) shall file with the awarding authority, at the time the response is submitted, the following information under oath in a form and format approved by the City Ethics Commission:
  - a. A description of the contract, including any City reference number associated with it, or if selection is of a pre-qualified list, a short description of the services to be provided, including any City reference number associated with it;
  - b. The name of the awarding authority;
  - c. The date the bid or other response was submitted to the awarding authority;
  - d. The name of the underwriting firm;
  - e. The address of the underwriting firm;
  - f. The phone number of the underwriting firm;
  - g. The names and titles of the underwriting firm's principals;
  - h. The names of the underwriting firm's subcontractors;
  - i. The names and titles of each subcontractor's principals; and *[sic]*
  - j. A certification that the underwriting firm understands, will comply with, and will notify its principals and subcontractors of the prohibitions and restrictions in this section and Charter section 609(e).
  - k. A certification that the underwriting firm and its principals have not made prohibited gifts or contributions during the 12 months prior to selection for a contract, unless the matter is only a selection of a pre-qualified list of underwriters.

4. **Requirement to Amend Form.** If the information submitted pursuant to subsection B(3) changes after the response is submitted, the underwriting firm shall amend the form and submit it to the awarding authority within ten business days of the change. The requirement to amend the form applies whenever the prohibitions and restrictions in Charter section 609(e) apply to the underwriting firm, including after the contract approval for underwriting firms that are selected or are performing underwriting service as a member of a syndicate on the revenue bond sale. The awarding authority shall electronically submit the form to the City Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission, within 10 business days of receipt.
5. **Business Assistance Virtual Network.** In the event that the City's Business Assistance Virtual Network or similar electronic system is used by a bidder to submit the forms required by this Section to the awarding authority and the Business Assistance Virtual Network or similar electronic system sends the submitted data to the City Ethics Commission, the awarding authority shall not be required to submit the form(s) to the City Ethics Commission.
6. **Violations and Debarment.** The provisions of Section 49.7.35(C) shall also apply to violations of this section and Charter section 609(e).

**SEC. 49.7.37**  
**Recordkeeping**

Persons subject to this article must keep records that demonstrate compliance with this article and the related Charter provisions for four years.

**SEC. 49.7.38**  
**Enforcement**

**A. Criminal Enforcement.**

1. A person who knowingly or willfully violates a provision of this article is guilty of a misdemeanor. Any person who knowingly or willfully causes another person to violate a provision of this article, or who aids and abets another person in the violation of a provision of this article, is liable under the provisions of this section.
2. Prosecution of a violation of this article must be commenced within four years after the date of the violation.
3. A person convicted of a misdemeanor under this article may not act as a City lobbyist or as a City contractor for four years following the date of the conviction, unless the court specifically determines at the time of sentencing that this provision should not be applied. For purposes of this subsection, a plea of *nolo contendere* is a conviction.

**B. Civil Actions.**

1. A person who intentionally or negligently violates a provision of this article is liable in a civil action brought by the City Attorney, the Ethics Commission, or a person residing

within the City. The amount of liability may not exceed the greater of \$5,000 per violation or three times the amount the person failed to properly report or unlawfully contributed, expended, gave, or received.

2. If two or more persons are responsible for a violation, they are jointly and severally liable.
  3. Before filing a civil action pursuant to this subsection, a person other than the City Attorney must first file with the Ethics Commission a written request for the Ethics Commission to commence an action. The request must contain a statement of the grounds for believing a cause of action exists. The Ethics Commission must respond within 40 days after receiving the request and indicate whether it intends to file a civil action. If the Commission indicates in the affirmative and files an action within 40 days after the response, no other action may be brought unless the action brought by the Ethics Commission is dismissed without prejudice.
  4. In determining the amount of liability, the court may take into account the seriousness of the violation and the degree of culpability of the defendant. If a judgment is entered against the defendant or defendants in an action, a private plaintiff shall receive 50 percent of the amount recovered. The remaining 50 percent shall be deposited into the City's General Fund. In an action brought by the City Attorney or the Ethics Commission, the entire amount shall be paid to the City's General Fund.
  5. An action alleging a violation of this article may not be filed more than four years after the date the violation occurred.
- C. **Injunctive Relief.** A person residing within the City, including the City Attorney, may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this article.
- D. **Costs of Litigation.** In a civil action, the court may award to a prevailing party, other than an agency, the party's costs of litigation, including reasonable attorneys' fees. If the costs or fees are awarded against the City, the payment of the award is the responsibility of the City, subject to City Council approval.
- E. **Administrative Penalties.** The Ethics Commission may impose penalties and issue orders for violations of this article pursuant to its authority under Charter section 706(c).
- F. **Liability.**
1. In addition to a committee itself, persons who qualify under the Political Reform Act as principle officers of the committee are jointly and severally liable for violations by the committee. For City committees controlled by a candidate for elected City office, the candidate and the committee treasurer are deemed to be principle officer.
  2. In addition to a person whose conduct is required or prohibited under this article, an agent acting on behalf of that person is jointly and severally liable for a violation that arises out of the agent's actions. There is a rebuttable presumption that the following persons are agents of a committee:

- a. A current or former officer of the committee;
- b. An employee of the committee;
- c. A person who has received compensation or reimbursement from the committee;  
and
- d. A person who holds or has held a position within the committee organization that reasonably appears to be able to authorize expenditures for committee activities.

**SEC. 49.7.39**  
**Late Filing Penalties**

In addition to any other penalties, a person who files an original statement or report after a deadline imposed by this Article is liable to the Ethics Commission in the amount of \$25 per day after the deadline until the statement or report is filed, up to a maximum of \$500. Liability need not be enforced by the Ethics Commission if its Executive Officer determines that the late filing was not willful and that enforcement of the liability will not further the purposes of the article. Liability may not be waived if a statement or report is not filed within 30 days after receiving notice from the Ethics Commission staff that the statement or report is due.

**SEC. 49.7.40**  
**Severability**

The provisions of this article are severable. If any provision of this article or its application to any person or circumstance is held invalid by a court, the remainder of this article and the application of the provision to other persons or circumstances is not affected by that determination, to the extent that the provision or its application can be given effect.

## Administrative Code Division 24

### CHAPTER 1. CITY ETHICS COMMISSION

#### SEC. 24.11

Filings.

#### SEC. 24.12

Opinions and Written Advice

#### SEC. 24.13

Executive Officer – Annual Performance Reviews/Termination.

### CHAPTER 2. INVESTIGATIONS AND ENFORCEMENT

#### SEC. 24.21

Investigation and Enforcement Procedures

### CHAPTER 3. PUBLIC MATCHING FUNDS

#### SEC. 24.31

Procedural Regulations for the Public Matching Funds Program

- (a) **Scope.** This chapter sets forth the procedural requirements of the matching funds program.
- (b) **Definitions.** The following terms used in this section and in Los Angeles Municipal Code sections 49.7.1, *et seq.* are defined below. Except as provided below, the interpretation of these regulations is governed by the definitions and provisions of the Political Reform Act of 1974; the regulations of the Fair Political Practices Commission; Charter sections 470, 471, and 609(e); and Municipal Code sections 49.7.1, *et seq.*
  - (1) **“Authorized Agent”** means an individual named on a written list of individuals who may receive matching funds payments on behalf of a participating candidate. The participating candidate must sign the list and submitted it to the Ethics Commission.
  - (2) **“Charter”** means the Los Angeles City Charter.
  - (3) **“Controlled Committee”** means the campaign committee that is authorized by a participating candidate on that candidate’s Statement of Organization (California Fair Political Practices Commission Form 410) to receive contributions and make expenditures in connection with that candidate’s campaign for the elected City office that is specified on the candidate’s current Declaration of Intent to Solicit and Receive Contributions.

- (4) **“Debate”** means a discussion between two or more candidates who have qualified to appear on a ballot for elected City office that is moderated by an independent third party and attended by the public.
- (5) **“Elected City office”** means the office of City Council member, City Attorney, Controller, or Mayor.
- (6) **“Fund”** means the Los Angeles City Public Matching Campaign Funds Trust Fund.
- (7) **“General Election”** means a regular or special general municipal election for elected City office.
- (8) **“Municipal Code”** means the Los Angeles Municipal Code.
- (9) **“Non-participating candidate”** means a candidate for elected City office who has declined to participate in the program.
- (10) **“Participating candidate”** means a candidate for elected City office who has agreed to participate in the program and is not a write-in candidate.
- (11) **“Primary Election”** means a regular or special primary nominating election for elected City office.
- (12) **“Program”** means the City’s public matching funds program.
- (13) **“Qualified Contribution”** means a contribution that may be matched with public funds because it meets all of the following criteria:
  - (A) The contribution is lawful under state and City law.
  - (B) The contribution was received by a participating candidate.
  - (C) The contribution was not received from the participating candidate or the participating candidate’s immediate family.
  - (D) The contribution was received from an individual. Beginning with the 2015 regular elections, the contribution was received from an individual residing within the City.
  - (E) The contribution is monetary and is not a loan or pledge.
  - (F) The contribution was received no later than three months after the date of the election and no earlier than the following dates:
    - (i) For regular primary elections, 12 months prior to the date of the election.
    - (ii) For special primary elections, the later of 12 months prior to the date of the election or the date the candidate filed a Declaration of Intent to Solicit and Receive Contributions.

(iii) For general elections, the date on which the candidate was permitted to begin soliciting and accepting contributions.

(14) **“Surplus Matching Funds”** means the amount of unspent matching funds after the participating candidate has withdrawn candidacy or after the election has occurred and the qualified campaign expenditures incurred in that election have been paid.

(15) **“Treasurer”** means the treasurer identified on a participating candidate’s Statement of Organization (California Fair Political Practices Commission Form 410).

(c) **Filings.** A person required by this chapter to file a document or other item with the Ethics Commission must do so in a method prescribed and published by the Ethics Commission staff.

#### **SEC. 24.32**

#### **Accepting and Qualifying For Matching Funds**

##### **(a) Statement of Acceptance or Rejection of Matching Funds.**

(1) Each candidate for elected City office must submit a Statement of Acceptance or Rejection of Matching Funds (required by Municipal Code section 49.7.22) at the same time that the candidate files a Declaration of Intention to Become a Candidate (required by City Elections Code section 301).

(A) A candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds at the required time may not be a participating candidate.

(B) A candidate who initially agrees to participate in the program may thereafter decline to participate by providing written notice to that effect no later than 5:00 p.m. on the fifth business day after the final date to file the Declaration of Intention to Become a Candidate.

(2) The following must be provided in every Statement of Acceptance or Rejection of Matching Funds:

(A) The candidate’s name and an address and telephone number at which the candidate can be reached during regular business hours;

(B) The elected City office the candidate is seeking;

(C) The election for which the statement is filed;

(D) Whether or not the candidate elects to accept public matching funds;

(E) A statement that the candidate understands that the acceptance or rejection of matching funds is effective for both the primary election and the general election.

(F) The candidate’s verification under penalty of perjury; and

(G) The candidate’s signature.

- (3) Participating candidates must also certify the following on the Statement of Acceptance or Rejection of Matching Funds:
- (A) The candidate understands the requirements in the City's Campaign Finance Ordinance (Municipal Code sections 49.7.1, *et seq.*) and that those requirements must be satisfied before the candidate may receive public funds;
  - (B) The candidate agrees to participate in at least one debate with opponents in the primary election and at least two debates with the opponent in the general election;
  - (C) The candidate has not made and will not make expenditures in excess of the expenditure ceilings in Municipal Code section 49.7.24, unless those limits have been lifted under Municipal Code section 49.7.25;
  - (D) The candidate has not used and will not use personal funds for the election in excess of the limits in Municipal Code section 49.7.23(C)(4);
  - (E) The candidate understands that the acceptance of matching funds is effective for both the primary and general elections; and
  - (F) The candidate understands that, if another candidate for the same office declines to participate in the program, the candidate may withdraw from the program up to five business days after the final filing date for filing a Declaration of Intention to Become a Candidate.

**(b) Determination of Qualification.**

- (1) A participating candidate must meet all qualification requirements in this chapter and Municipal Code sections 49.7.1 *et seq.* in order to receive matching funds.
- (2) A participating candidate must file a request for qualification with the Ethics Commission.
  - (A) The request must include the same information as a matching funds claim under section 24.34(a), with the date of the request substituted for the date of the claim and the total amount of qualifying contributions substituted for the total amount of matching funds claimed.
  - (B) The request must be filed with the Ethics Commission prior to the date of the primary election. For candidates who do not qualify for to receive matching funds in the primary election and proceed to the general election, the request must be filed prior to the date of the general election.
  - (C) Beginning with the 2015 regular City elections, the request must identify at least 200 contributions that comply with the requirements in Municipal Code section 49.7.23(C)(1)(e), and the participating candidate and treasurer must certify that, to the best of their knowledge and belief, the identified contributions comply with the requirements.

- (D) Beginning with the 2015 regular City elections, this request and the first matching funds claim may be the same document, as long as all required information is provided.
- (3) Ethics Commission staff must determine whether a participating candidate has met all qualification requirements within three business days after receiving a request. Ethics Commission staff will notify the participating candidate of the determination in writing, and the notice must be signed by the Executive Officer or the Executive Officer's designee.
- (4) If Ethics Commission staff determines that a participating candidate is not qualified to receive matching funds, the participating candidate may do either of the following:
  - (A) Resubmit a request for qualification; or
  - (B) Submit a written request for review to the Executive Officer. The request must be submitted within five business days of receiving notice of the determination but may not be submitted after the election. The request must specify the reasons the participating candidate believes that the qualification requirements have been met. The Executive Officer will conduct a review and issue a determination within five business days of receiving the request and may extend that response time for good cause.

**(c) Qualification For Ballot.**

- (1) A participating candidate who fails to qualify to appear on the ballot may not receive matching funds.
- (2) A participating candidate who initially qualifies for the ballot but is later disqualified from the ballot will be suspended from the program at the time of the disqualification.
  - (A) The candidate will be ineligible to receive additional public funds until the qualification is restored.
  - (B) Any public funds in the candidate's possession may not be spent for any purpose other than to pay for qualified campaign expenditures incurred before the date of the disqualification. All public funds in excess of such expenditures must be repaid to the Ethics Commission within 10 days of the date of the disqualification.

**SEC. 24.33**

**Allocation of Matching Funds**

- (a) The Ethics Commission members must determine whether, based on the number of participating candidates, the amount of money in the Fund is adequate to provide the maximum matching funds to participating candidates.

- (b) For primary elections, the determination must be made within 40 days of the last day to decline to participate in the program. If that determination results in reduced maximum, a second determination must be made at least two weeks before the primary election.
- (c) For general elections, the determination must be made within 40 days after the City Clerk certifies the candidates whose names will appear on the ballot.
- (d) If the Ethics Commission members determine that the Fund may not be adequate to provide maximum matching funds to participating candidates, it must reduce the maximums on a pro rata basis.
  - (1) The Ethics Commission members may not otherwise change the matching funds formula.
  - (2) If the determination is made for a primary election, a portion of the Fund equal to a one-fifth grant for two candidates in each race in which there are participating candidates must be reserved for disbursement in the general election.
  - (3) If a second determination is required for a primary election, the Ethics Commission members may raise the maximum matching funds, but the maximums may never exceed the amounts in Municipal Code section 49.7.29.
- (e) The Ethics Commission members must take action under this section by resolution at public meetings.

#### **SEC. 24.34**

#### **Matching Funds Payments**

- (a) **Claim Form.** A participating candidate must file a matching funds claim form with the Ethics Commission to receive matching funds. The form must include the following:
  - (1) The participating candidate's name and an address and telephone number at which the participant may be reached during regular business hours.
  - (2) The elected City office the participating candidate is seeking.
  - (3) The election for which the form is filed.
  - (4) The name and identification number of the participating candidate's controlled committee.
  - (5) The date of the claim.
  - (6) The total amount of matching funds claimed.
  - (7) A list of all contributions for which the participating candidate requests matching funds.
    - (A) The list must be alphabetical by the names of the contributors.

- (B) The following information must be provided for each contribution:
- (i) The contributor's name, residence address, occupation, and employer (or, if the contributor is self-employed, the name of the contributor's business);
  - (ii) The date the contribution was received;
  - (iii) The amount of the contribution;
  - (iv) The cumulative amount of contributions received from that contributor for the same election; and
  - (v) The cumulative amount of matching funds already received for the same election based on contributions from that contributor.
- (8) A true and correct copy of documentation that supports each listed contribution. Supporting documentation includes copies of checks, credit card transaction receipts, and cash receipts.
- (9) A certification signed under penalty of perjury by both the participating candidate and the treasurer that, to the best of their knowledge and belief, the form and all supporting documents are true and complete and, beginning with the 2015 regular City elections, all contributions are from City residents.

**(b) Claim Amendments.**

- (1) Matching funds claims and their supporting documentation may be amended.
- (2) In addition to all of the information required for the original claim, amendments must state why the amendment is necessary and must itemize the data that is being amended.
- (3) Ethics Commission staff will review each amendment, to determine whether an adjustment to the participating candidate's matching funds payment is necessary.
  - (A) If an amendment results in a supplementary matching funds payment, it will be processed in the same manner as a payment for an original claim.
  - (B) If an amendment reveals that the participating candidate received excess matching funds, the participating candidate must return the amount of the excess to the Ethics Commission within 10 business days of receiving notice of the overpayment.

**(c) Payment and Claim Windows.**

- (1) Matching funds payments will not be made until the City Clerk certifies that the participating candidate's name will appear on the election ballot. Within five business days of the later of certification for the general election or qualification to receive matching funds, each participating candidate who has qualified to receive matching funds will receive one-fifth of the amount specified in Municipal Code

section 49.7.29(B), without being subject to the matching formula specified in Municipal Code section 49.7.27.

- (2) Matching funds claims must be submitted in the following amounts:
  - (A) Until 14 days before an election, claims must identify at least \$10,000 in qualified contributions.
  - (B) From 14 days before an election until three months after an election, claims must identify at least \$1,000 in qualified contributions.
- (3) Matching funds claims will not be accepted more than three months after an election.

**(d) Reviewing Claims.**

- (1) Ethics Commission staff must review matching funds claim forms, to determine the amount of qualified contributions and the amount of matching funds that may be paid.
  - (A) Matching funds may not be paid for any portion of a qualified contribution that is returned to or not paid by the contributor.
  - (B) Based on the staff review, the Executive Officer or the Executive Officer's designee must certify the amount of matching funds payable to a participating candidate.
  - (C) Certification must be made within three business days of receiving the claim. If a claim and the request for qualification are permissibly submitted as separate documents, the claim will not be deemed received prior to the date the Ethics Commission staff notifies the participating candidate that the candidate has qualified to receive matching funds.
  - (D) A copy of each certification must be provided to the participating candidate and to the Controller.
- (2) If Ethics Commission staff determines that any portion of a matching funds claim is not payable, the participating candidate may submit a written request for review to the Executive Officer within five business days of receiving notice of the determination. The request must specify the reasons the participating candidate believes that a different amount should be paid. The Executive Officer will conduct a review and issue a determination within five business days of receiving the request and may extend that response time for good cause.

**(e) Processing Claims.** After certification, matching funds payments will be processed as follows.

- (1) Ethics Commission staff will issue a matching funds payment authorization letter with supporting documents to the Controller's office, certifying the amount of matching funds payable to the participating candidate.

- (2) Payments will be drawn from the Fund and made payable to the participating candidate.
- (3) The Controller's office will issue payments for all authorizations that it receives by 2:00 p.m. no later than noon on the second business day after receipt.
- (4) The Controller's office will issue payments only to the Ethics Commission staff for distribution.

**(f) Distribution of Payments.**

- (1) Matching funds payments will be available for distribution within five business days after the Ethics Commission receives a claim form.
- (2) Matching funds payments will be distributed at the Ethics Commission office after 2:00 p.m. on the day the payments are issued by the Controller's office.
- (3) Matching funds payments will be released only to a participating candidate, the treasurer, or an authorized agent. The recipient must display proper identification.
- (4) The recipient must sign a matching funds payment report to receive the payment. The report must contain the following information:
  - (A) The name of the participating candidate;
  - (B) The name of the recipient;
  - (C) The elected City office the participating candidate is seeking;
  - (D) The date the Ethics Commission received the matching funds payment from the Controller;
  - (E) The amount of the certified matching funds payment;
  - (F) The date the individual received the payment; and
  - (G) A summary of all matching funds payments issued to the participating candidate to date.

- (g) Payment Is Not Final Determination.** A matching funds payment does not constitute the Ethics Commission's final determination of the amount for which a participating candidate may qualify.

**SEC. 24.35  
Matching Funds Audits**

- (a)** Determinations regarding qualification by and amounts of payment to participating candidates are subject to post-payment audits pursuant to Charter section 702(d) and section 24.41 of this code.

- (1) If an audit reveals that additional matching funds may be paid to the participating candidate, Ethics Commission staff will notify the participant.
  - (2) If an audit reveals that the participating candidate received excess matching funds, the participating candidate must return the amount of the excess to the Ethics Commission within 10 business days of receiving notice of the overpayment. If the funds are not returned within 10 business days, subsequent payments will be reduced by the amount of the overpayment.
- (b) Statements and forms required or filed for the program are subject to desk and field audits under Charter section 702(d).

#### **SEC. 24.36**

##### **Return of Matching Funds**

Ethics Commission staff will notify a participating candidate in writing if any matching funds must be returned.

- (a) Matching funds must be returned through a check payable to the Ethics Commission for deposit in the Fund.
- (b) Surplus matching funds must be returned within 90 days after the election or, if the participating candidate withdraws from the election, within 10 days after the withdrawal. Other matching funds must be returned within 10 days of receiving notice from the Ethics Commission.
- (c) Candidates who do not return matching funds as required are subject to legal action for collection of the funds.

#### **SEC. 24.37**

##### **Recordkeeping Requirements**

- (a) Participating candidates must use best efforts to obtain, maintain, and submit to the Ethics Commission all required information.
  - (1) Participating candidates must keep complete records of all efforts to obtain, maintain, and submit required information.
  - (2) For receipts, bills, and bank records, best efforts require at least one written effort per transaction to obtain the documentation.
- (b) Participating candidates must retain all records and documents required to be kept under this chapter, Municipal Code sections 49.7.7 *et seq.*, and California Government Code section 91011 for at least four years after the date of the last election to which the records or documents relate.
- (c) Participating candidates must notify the Ethics Commission in writing of any person other than the treasurer who is a custodian for the participating candidate's records. The notice must include the location of those records and documents and must be amended whenever a change of address occurs.

**SEC. 24.38**  
**Violations**

- (a) Matching funds may be spent only for the purpose of influencing or attempting to influence the actions of the voters for or against the election of a City candidate. Using matching funds in other ways is a misappropriation of the funds and violates this chapter.
- (b) The failure of a participating candidate, controlled committee, or treasurer to comply with any provision of this chapter is a violation of this chapter and is subject to the penalties and remedies in Charter section 706 and Municipal Code section 49.7.38.
- (c) In addition to any penalty, a participating candidate who violates a term or requirement of the program may be required to return all matching funds that the candidate received for the election during which the violation occurred.

**CHAPTER 4. CAMPAIGN AUDITS AND INVESTIGATIONS**

**SEC. 24.41**  
**Audits and Investigations.**

**CHAPTER 5. OFFICEHOLDER CONTROLLED FUNDS**

**SEC. 24.51**  
**Officeholder Expense Fund.**

## Campaign Finance Ordinance

### SEC. 49.7.1

#### ~~Relation of Regulations to Sections 470 and 609(e) of the City Charter~~

The provisions of this article relating to contribution limitations are in addition to and supplement the regulations contained in Charter Sections 470 and 609(e). The provisions of this Article relating to public financing and expenditure limitations are adopted pursuant to the authorization contained in Charter Section 471.

### SEC. 49.7.4.42

#### Definitions

~~The following terms used in this article shall have the meanings set forth identified below. Except as otherwise provided here, the Other terms and provisions of used in this article shall have the meanings and shall be interpreted in accordance with the applicable definitions and provisions of identified in the Political Reform Act of 1974, as amended (Government Code Section 81000, et seq.) and the regulations of the California Fair Political Practices Commission, as amended. All terms used in this article must be interpreted in accordance with the Political Reform Act.~~

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

1. There is a rebuttable presumption that a communication is behested in the following circumstances:

- a. The spender and the candidate retain the same individual or entity to provide non-ministerial, campaign-related professional services, including but not limited to polling, campaign research, media consultation or production, direct mail consultation, and fundraising, in the same election cycle.
- b. The communication reproduces or redistributes, in whole or substantial part, a campaign, officeholder, or legal defense communication.
- c. The communication includes information about a candidate's campaign plans, projects, or needs that is not generally available to the public or is provided directly or indirectly by the candidate.
- d. The spender discusses or negotiates the communication with the candidate.
- e. The spender is serving or has served in a formal advisory or policy-making position with the candidate or has participated in strategic or policy-making discussions with the candidate regarding the pursuit of nomination or election to office and, in the same election cycle, the candidate is pursuing the office that the campaign communication is intended to influence.

f. The communication is made in connection with fundraising events or campaign activities co-sponsored by the candidate and the spender.

2. None of the following circumstances is sufficient in and of itself to constitute a behested campaign, officeholder, or legal defense communication:

a. The spender interviews the candidate regarding legislative or policy issues that affect the spender or discusses campaign-related issues with the candidate but does not communicate with the candidate regarding the communication.

b. The spender solicits or obtains a photograph, biography, position paper, press release, or similar material from the candidate and, without the candidate's prior knowledge, uses that material in the communication.

c. The spender made contributions to the candidate.

d. The spender communicates to the candidate the intent to make a communication but does not discuss or negotiate the communication with the candidate.

e. A member of a spender organization provides volunteer services to or works for the affected candidate's campaign. This exception does not apply if the member was also involved in the activities of the spender's political action committee, makes payments on behalf of the spender, is serving or has served the candidate in a formal advisory or policy-making position, or is making or has engaged in strategic or policy-making discussions with the candidate.

f. The communication was made in response to an unsolicited request from political party leaders or their agents.

g. The spender employs or is under contract with a political consultant or pollster who previously rendered services to the candidate.

3. Reference to a spender includes the spender's agent. Reference to a candidate includes the candidate's agent and City controlled committees.

**B. "Campaign communication"** means a communication that expressly advocates the election or defeat of a clearly identified City candidate or ballot measure or, taken as a whole and in context, unambiguously urges a particular result in a City election and is authorized, distributed, paid for, or behested by a candidate for elected City office, a City controlled committee, a City recall committee, a City ballot measure committee, or a committee primarily formed to support or oppose City candidates or City ballot measures.

~~"Candidate or Committee Agent" means any person who has express or implied authority to make or to authorize the making of expenditures on behalf of the candidate. There shall be a rebuttable presumption that the following have that authority: current or former officers of the candidate-controlled committee, employees of the campaign, persons who have received compensation or reimbursement from the campaign, or any person who has been placed in a position within the campaign organization where it would reasonably appear that in the ordinary course of campaign-related activities he or she may authorize expenditures. A candidate's agent is also any person who is serving or has served in an advisory, decision-making, or strategic role~~

with a candidate's campaign, with or without compensation, where that person's duties and/or actions reflect or require direct knowledge of the candidate's campaign strategy, plans, or needs.

**C. "City controlled committee"** means a committee created for City purposes and controlled by an elected City official or a candidate for elected City office. The term includes City campaign committees, officeholder expense funds, legal defense funds relating to City office, and recall and ballot measure committees involving City issues. The term does not include a committee created for election to or the holding of a non-City office.

**D. "Citywide office"** means the offices of City Attorney, Controller, and Mayor.

**E. "Communication"** means a message that conveys information or views in a scripted or reproducible format, including but not limited to paper, audio, video, telephone, electronic, Internet, web logs, and social media.

**F. "Elected City Office"** means the office of City Council member, City Attorney, Controller, or Mayor.

**G. "Elected City Officer"** means any person who holds elected City Council Member, City Attorney, Controller or Mayor office, whether appointed or elected.

**H. "Fundraising event"** means an event designed for political fundraising, at which contributions for an elected City officer, a candidate for elected City office, or a City controlled committee are solicited or received.

**I. "General election"** means a regular or special general municipal election for elected City office.

**"Member communications"** means payments made pursuant to Government Code Section 85312.

(a) For purposes of this article, payments for member communications that are behested by candidates, with the exception of payments for a regularly published newsletter or periodical limited solely to individual members not exceeding the amount of payments regularly made to publish a regular newsletter or periodical, shall be considered contributions to that candidate or candidate controlled committee for purposes of the City contribution limits contained in Charter Section 470 (c) and City reporting requirements.

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

(c) Member communications that are not behested by a candidate, a candidate's controlled committee, or an agent of a candidate or a candidate's controlled committee and are not payments for a regularly published newsletter or periodical limited solely to individual members and do not exceed the amount of payments regularly made to publish a regular newsletter or periodical, are considered expenditures and are required to be reported pursuant to Section 49.7.26 of this Code.

**"Non-Candidate Spending"** means any combination of independent expenditures and/or member communications that are not behested by a candidate.

**J. "Independent expenditure communication"** means an expenditure made by any person in connection with a communication that expressly advocates the election or defeat of a clearly

~~identified candidate; or, taken as a whole and in context, unambiguously urges a particular result in an election, but which~~ communication that expressly advocates the election or defeat of a clearly identified City candidate or ballot measure or, taken as a whole and in context, unambiguously urges a particular result in a City election and is not made ~~authorized, distributed, paid for, or at the behest of~~ed by the affected candidate or committee. The term includes member communications, as defined in the Political Reform Act, if any of the following applies:

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

**K. "Legal defense communication"** means a communication permitted for legal defense committees and authorized, distributed, paid for, or behested by a legal defense fund committee or the person who controls the committee.

**L. "Non-participating candidate"** means a candidate for elected City office who has declined to participate in the public matching funds program.

**M. "Officeholder communication"** means a communication permitted for City officeholders and authorized, distributed, paid for, or behested by a City officeholder or an officeholder committee.

**N. "Participating candidate"** means a candidate for elected City office who has agreed to participate in the public matching funds program.

**O. "Political communication"** means a campaign communication, an independent expenditure communication, a legal defense communication, or an officeholder communication.

**P. "Political Reform Act"** means the California Political Reform Act of 1974 (California Government Code sections 81000 *et seq.*) and the related regulations of the California Fair Political Practices Commission.

**Q. "Primary election"** means a regular or special primary nominating election for elected City office.

**R. "Qualified contribution"** means a contribution that may be matched with public funds because it meets all of the following criteria:

1. The contribution is lawful under state and City law.
2. The contribution was received by a participating candidate.
3. The contribution was not received from the participating candidate or the participating candidate's immediate family.

4. The contribution was received from an individual. Beginning with the 2015 regular City elections, the contribution was received from an individual residing within the City.
5. The contribution is monetary and is not a loan or pledge.
6. The contribution was received no later than three months after the date of the election and no earlier than the following dates:
  - a. For regular primary elections, 12 months prior to the date of the election.
  - b. For special primary elections, the later of 12 months prior to the date of the election or the date the candidate filed a Declaration of Intent to Solicit and Receive Contributions.
  - c. For general elections, the date on which the candidate was permitted to begin soliciting and accepting contributions.

**SEC. 49.7.1.23**

**Cost of Living Charter-Based Adjustments**

Every five years, the City Ethics Commission shall review whether the expenditure limitations contained in Sections 49.7.12 A 6 and 49.7.13 and/or the contribution limitations contained in has a duty under Charter Section 470 (c) should be 702(h) to annually adjusted limitations and disclosure thresholds in City law to reflect changes in the Consumer Price Index (CPI) for the Los Angeles Long Beach Metropolitan Statistical Area. The first review shall begin at the end of the calendar year 2007. If the contribution and/or expenditure limitations are not adjusted during any review period, the limitations may be adjusted in a subsequent five-year review period, up to the overall increase in the CPI since the last adjustment. Any change to the contribution and/or expenditure limitations shall be effective for any subsequent election for which the fundraising period has not yet opened as provided in Section 49.7.7. The City Ethics Commission shall forward a report with its findings to the City Council by March 1, following each review.

A. The duty applies to the following provisions in the City's campaign finance laws:

1. The per-person limits on campaign contributions in Charter sections 470(c)(3) and 470(c)(4).
2. The per-person limits on loans in Charter section 470(c)(8).
3. The aggregate limits on campaign contributions in Charter section 470(c)(6).
4. The aggregate limits on campaign contributions from non-individuals in Charter section 470(c)(7).
5. The per-person limit on cash contributions in Charter section 470(d).
6. The aggregate limit on anonymous contributions in Charter section 470(e).
7. The limits on the expenditure of personal funds in a campaign in Section 49.7.23(C)(4).

8. The limits on expenditures by participating candidates in Section 49.7.24.

9. The independent expenditure threshold that lifts the expenditure ceilings for participating candidates in Section 49.7.25.

B. The following apply to CPI adjustments.

1. Adjustments shall be made by resolution of the Ethics Commission no later than March 1 of each year.

2. Adjustments to the values below must reflect the percent change in CPI that is published by the United States Bureau of Labor Statistics for the region that includes the Los Angeles metropolitan area from December 2011 to the December immediately prior to the adjustment.

a. \$700 for the per-person limits on contributions and loans to City Council candidates.

b. \$1,300 for the per-person limits on contributions and loans to Citywide candidates.

c. (\$700 times the number of City Council offices on a ballot) plus (\$1,300 times the number of Citywide offices on a ballot), but not less than \$1,400, for a person's aggregate limit on contributions in a single election.

d. The following aggregate limits on non-individual contributions:

i. \$202,300 to City Council candidates.

ii. \$539,400 to City Attorney and Controller candidates.

iii. \$1,213,800 to Mayoral candidates.

e. \$25 for the per-person limit on cash contributions.

f. \$200 for the aggregate limit on anonymous contributions.

g. The following limits on the expenditure of personal funds by participating candidates:

i. \$31,100 for City Council candidates.

ii. \$124,500 for Citywide candidates.

h. The following expenditure limits for participating candidates in primary elections:

i. \$480,000 for City Council candidates.

ii. \$1,119,000 for Controller candidates.

iii. \$1,259,000 for City Attorney candidates.

- iv. \$2,798,000 for Mayoral candidates.
- i. The following expenditure limits for participating candidates in general elections:
  - i. \$400,000 for City Council candidates.
  - ii. \$840,000 for Controller candidates.
  - iii. \$979,000 for City Attorney candidates.
  - iv. \$2,237,000 for Mayoral candidates.
- j. The following independent expenditure thresholds that lift the expenditure limits for participating candidates:
  - i. \$77,000 in City Council races.
  - ii. \$155,000 in Controller and City Attorney races.
  - iii. \$309,000 in Mayoral races.
- 3. Adjustments must be rounded as follows:
  - a. To the nearest \$10 for the value in subsection B(2)(e).
  - b. To the nearest \$100 for the values in subsections B(2)(a) through B(2)(d) and B(2)(f).
  - c. To the nearest \$1,000 for the values in subsections B(2)(g) through B(2)(j).
- 4. Adjustments that apply to limits and thresholds related to elections apply as of the next regular election for which no City fundraising window has opened. All other adjustments apply beginning the July 1 immediately following the adoption of the resolution.
- 5. Adjustments may not exceed an applicable limit or threshold in state law.

**SEC. 49.7.24**  
**Aggregation of Payments Contributions and Expenditures**

For the purposes of the contribution limitations, prohibitions, and requirements contained in Charter Section 470 and this article, the following shall apply:

Contributions and/or expenditures from two or more the following sets of persons will be aggregated and considered to be made by a single person for the purposes of the contribution limitations and other provisions contained in Charter Section 470 and this article, if any of the circumstances listed below is applicable. An aggregated contribution may not exceed the lowest permissible contribution from either person:

- A. ~~Contributions and/or expenditures from a Two person will be aggregated with contributions and/or expenditures from any other person that, one of whom controls his, her, or its the other's contribution or expenditure activity.~~
- B. ~~Contributions and/or expenditures from a A sponsored committee, as defined in Government Code Section 82048.7, shall be aggregated with contributions and/or expenditures from and its sponsoring organization.~~
- C. ~~Contributions and/or expenditures from an entity shall be aggregated with contributions and/or expenditures from any other Two entity that has when the same individuals constituting a majority of the members of each entity's board of directors.~~
- D. ~~Contributions and/or expenditures from an Two entity shall be aggregated with contributions and/or expenditures from any other entity that has that share the same officers or with whom it shares a majority of officers. For the purposes of this subdivision section, an officer does not include an individual who serves only as a member of the entity's board of directors.~~
- E. ~~Contributions and/or expenditures from a A corporation or limited liability company shall be aggregated with contributions and/or expenditures from any other corporation or limited liability company that has shares the same majority shareholders and/or members as or that holds a majority of the voting rights in that another corporation or limited liability company.~~
- F. ~~Contributions and/or expenditures from a Two corporations shall be aggregated with contributions and/or expenditures from any in a parent or subsidiary corporation relationship, provided that at least one of the corporations is not publicly traded.~~
- G. ~~Contributions and/or expenditures from a An individual shall be aggregated with contributions and/or expenditures from and any corporation, limited liability company, firm, joint venture, syndicate, business trust, company, or other business entity not described in Subdivisions H or I below other than a sole proprietorship or a general or limited partnership, in which the individual owns an investment of 50% percent or more or holds a majority of the voting rights.~~
- H. ~~Contributions and/or expenditures from a An individual shall be aggregated with contributions and/or expenditures from and any sole proprietorship owned by the individual owns.~~
- I. ~~Contributions and/or expenditures from a A general partner shall be aggregated with contributions and/or expenditures from any and a general or limited partnership in which the general partner owns an investment of 50% percent or more or in which the general partner holds a majority of the voting rights.~~

**SEC. 49.7.35**  
**Family Contributions**

- A. ~~Contributions by a husband and wife shall be treated as two spouses are separate contributions.~~
- B. ~~There is a rebuttable presumption that contributions by children under eighteen years of age shall be treated as are contributions by their parents and. Unless sufficiently rebutted, the contributions will be attributed proportionately to each custodial parent (one-half to each parent or the total amount or entirely to a single custodial parent).~~

**SEC. 49.7.6**

**Text Message Contributions**

- A. A contribution may be made via short message service (SMS), multimedia messaging service (MMS), or other similar text messaging technology.
- B. The following apply to a contribution made via SMS, MMS, or text messaging:
  - 1. It must comply with the same disclosure and recordkeeping requirements and, for participating candidates, the same matching funds requirements that apply to contributions made by other means.
  - 2. It may not exceed the applicable limitation on cash contributions.
  - 3. It is treated as a pledge and is deemed received when a candidate for elected City office or the candidate's controlled committee obtains control of the contribution.
- C. City equipment may not be used to make a contribution via SMS, MMS, or text messaging.

**SEC. 49.7.47**

**Return Receipt of Contributions**

A contribution shall not be considered to be received if it is not negotiated, deposited, or utilized, and is returned to the donor within 14 days of receipt the date the candidate or committee takes possession or control or receives the benefit of the contribution.

**SEC. 49.7.58**

**Money Received by Officials Treated as Contribution, Income or Gifts Treatment of Payments**

Any payments received by an elective City officer, candidate for elective City office or any committee controlled by the officer or candidate shall be considered either a campaign contribution, income, a gift, or a payment for legislative or governmental purposes within the meaning of Government Code Section 82015(b)(2)(B)(iii). All campaign contributions received by those persons shall be subject to the provisions of Charter Sections 470 and 471 and this article unless the contributions are used exclusively for an election in some other jurisdiction. All income and gifts shall be subject to the relevant provisions of the City-Charter, this Article, the Political Reform Act (Government Code Sections 87100, et seq.), as amended, and other relevant statutes and ordinances. All payments for legislative or governmental purposes within the meaning of Government Code Section 82015(b)(2)(B)(iii), other than payments exempted by Section 49.7.12 (A) of this Code shall be subject to the Officeholder Account provisions of Section 49.7.12 of this Code.

**SEC. 49.7.69**  
**Loans and Credit**

- A. ~~A loan shall be considered~~ is a contribution from the maker and the guarantor of the loan and ~~shall be is~~ subject to the any applicable contribution limitations of Charter ~~S~~section 470 and this article.
- B. ~~Every A~~ loan to a candidate or ~~the candidate's a~~ City controlled committee shall ~~must~~ be by written agreement ~~which shall and must~~ be filed with the candidate's or committee's campaign statement on which the loan is first reported.
- C. The proceeds of a loan made to a candidate by a commercial lending institution in the regular course of business on the same terms available to members of the public and which is secured or guaranteed ~~shall is~~ not be considered to be a contribution within the meaning of the contribution limitations of Charter ~~S~~section 470 and this article.
- D. ~~Extensions of e~~Credit (other than ~~a~~ loans referred to in ~~S~~subsection C) ~~that is extended for a period of more than 30-90 days are is~~ subject to the contribution limitations of Charter section 470 and this Aarticle. A creditor who demonstrates a commercially reasonable attempt to collect the debt is not subject to the contribution limits for that debt.
- E. ~~The total balance of all personal loans from a candidate to his or her controlled committee for elective City office remaining after election to~~Elected City officers ~~in excess of may not repay personal loans to themselves the following amounts shall be considered a direct contribution to that candidate's committee; from their controlled committees for elected City office in excess of the limitations on personal funds in Section 49.7.23(C)(4).~~
- 1. ~~\$25,000 for candidates for City Council;~~
- 2. ~~\$100,000 for candidates for the offices of Mayor, City Attorney, or Controller.~~
- F. ~~Any balance of any personal loan from a matching funds~~Elected City officers ~~who were participating candidates to his or her may not repay personal loans to themselves from their controlled committees for elected City office remaining after election to City office shall be considered a direct contribution from the candidate to his or her controlled campaign committee if that candidate they exceeded an applicable spending limit during an election before the limit was lifted.~~

**SEC. 49.7.710**  
**Restrictions on When Contributions May Be Received Fundraising Windows**

- A. ~~No e~~Candidates for City Council, ~~nor the and their~~ and their controlled committee ~~of that candidate, shall s for election to City office may not solicit or accept contributions or cause contributions to be solicited or accepted any contribution more than 182 months before the date of the election at which they candidate seeks office. No Citywide candidates for Mayor, City Attorney or Controller, nor and their controlled committee of that candidate shall s for election to City office may not solicit or accept contributions or cause contributions to be solicited or accepted any contribution more than 2418 months before the date of the election at which they candidate seeks office.~~

B. ~~No candidates for elected City office, or his or her, and their controlled committee, shall for election to City office may not solicit or receive contributions or cause contributions to be solicited or received a contribution to his or her own campaign committee from any person later more than nine months after the date of the election at which they seek office.~~

1. ~~Candidates and their controlled committees for election to City office may request one three-month extension. The request must be submitted in writing and must state the reasons for the request. The request may be granted by the Executive Officer if the Executive Officer determines that extraordinary circumstances outside the candidate's or committee's control have substantially affected the candidate's or committee's ability to engage in fundraising following the election.~~

2. ~~Contributions solicited or received or caused to be solicited or received by a candidate for elective City office, or his or her controlled committee, following his or her an election shall must be used to retire debt, except to the extent prohibited by Sections 49.7.6 and 49.7.129.~~

#### **SEC. 49.7.811**

#### **Solicitation and ~~Transmittal~~ Delivery of Campaign Contributions**

A. The following definitions apply to this section.

1. "Personally deliver" means to deliver a contribution in person or to cause a contribution to be delivered in person by an agent or intermediary.

2. "Prohibited fundraising" means any of the following:

a. Requesting that another person make a contribution;

b. Inviting a person to a fundraising event;

c. Supplying names to be used for invitations to a fundraising event;

d. Permitting one's name or signature to appear on a solicitation for contributions or an invitation to a fundraising event;

e. Permitting one's official title to be used on a solicitation for contributions or an invitation to a fundraising event;

f. Providing the use of one's home or business for a fundraising event;

g. Paying for at least 20 percent of the costs of a fundraising event;

h. Hiring another person to conduct a fundraising event;

i. Delivering a contribution, other than one's own, either by mail or in person to an elected City officer, a candidate for elected City office, or a City controlled committee; or

j. Acting as an agent or intermediary in connection with the making of a contribution.

B. No A person, including but not limited to any City official, employee, or candidate for elective City office, shall, directly or indirectly, may not do either of the following:

1. knowingly sSolicit campaign contributions from any City official or employee to support or oppose the candidacy of any person for elected City office or for, support or oppose the recall of any elected City officer, or to contribute to for an officeholder expense account or legal defense fund. Nothing in this subsection shall prohibit any of these This prohibition does not apply when a persons from communicating through the mail or by other means requests for campaign funds or contributions to a significant segment of the public, which may include makes a solicitation to multiple persons if the person unknowingly includes City officers or employees of the and City officers or employees do not make up more than one percent of the total number of persons included in that solicitation.

2. Receive, personally deliver, or attempt to personally deliver a contribution in City Hall, another City office building, or an office for which the City pays the majority of the rent. This prohibition does not apply to the following:

a. City property that is rented by a member of the public, unless the lease or rental agreement expressly incorporates this prohibition.

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

BC. No A member of a City board or commission of the City, including a member of the Board of Public Works, who is required to file a statement of economic interests or a general manager of any City department shall may not do either of the following:

1. sSolicit, direct, or receive any contribution from any person, or his or her agent, who has or, in the preceding 12 months had, a proceeeding matter involving any legislative or administrative City action pending before the official or has had such a matter pending during the preceding 12 months board or commission member or general manager.

C 2. No member of a City board or commission who is required to file a Statement of Economic Interests shall eEngage in prohibited fundraising activity on behalf of an elected City officer, a candidate for elected City office, or any of his or her a City controlled committees. This prohibition does not apply to members of City boards or commissions or general managers who are engaging in fundraising on behalf of their own candidacies for elected office.

1. For purposes of this subsection, a "controlled committee" means any City committee controlled by an elective City officer or candidate for elective City office, including any City campaign, officeholder, legal defense fund, or ballot measure committee.

2. For purposes of this subsection, "prohibited fundraising activity" means:

(a) Requesting, either orally or in writing, that another person make a contribution;

- ~~\_\_\_\_\_ (b) Inviting a person to a fundraising event;~~
- ~~\_\_\_\_\_ (c) Supplying names to be used for invitations to a fundraising event;~~
- ~~\_\_\_\_\_ (d) Allowing his or her signature to appear on a solicitation for contributions or invitation to a fundraising event;~~
- ~~\_\_\_\_\_ (e) Allowing his or her official title to be used on a solicitation for contributions or invitation to a fundraising event;~~
- ~~\_\_\_\_\_ (f) Allowing his or her name to be used on a solicitation for contributions or invitation to a fundraising event;~~
- ~~\_\_\_\_\_ (g) Providing the use of his or her home or business to hold a fundraising event;~~
- ~~\_\_\_\_\_ (h) Paying for at least a majority of the costs of a fundraising event;~~
- ~~\_\_\_\_\_ (i) Hiring another person to conduct a fundraising event;~~
- ~~\_\_\_\_\_ (j) Delivering a contribution, other than his or her own, either in person or by mail in a manner in which he or she communicates his or her identity to the elective City officer, candidate for elective City office, or any of his or her agents; or~~
- ~~\_\_\_\_\_ (k) Acting as an agent or intermediary in connection with the making of a contribution.~~

~~\_\_\_\_\_ 3. For purposes of this subsection, "fundraising event" means an event designed primarily for political fundraising at which contributions for an elective City officer, candidate for elective City office, or any of his or her controlled committees are solicited, delivered or made.~~

~~\_\_\_\_\_ 4. The provisions of this subsection shall not apply to a member of a City board or commission who is engaging in fundraising activity on behalf of his or her own candidacy or controlled committee for elective office.~~

~~D. No person shall receive or personally deliver or attempt to deliver a contribution in City Hall, or other City office building, or in any office for which the City pays the majority of the rent. Space in a City office building or other City property that is routinely made available for rent by the public and that is rented for a campaign related event is excluded from this prohibition.~~

~~\_\_\_\_\_ 1. For purposes of this subsection, "personally deliver" means to deliver a contribution in person or to cause a contribution to be delivered in person by an agent or intermediary;~~

~~\_\_\_\_\_ 2. For purposes of this subsection, "receive" includes the receipt of a campaign contribution delivered in person but does not include a campaign contribution received by mail if it is forwarded to the campaign treasurer of the candidate, or his or her controlled committee, within seven working days of its receipt.~~

**SEC. 49.7.912**

**Training for Candidates and Treasurers**

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

**SEC. 49.7.103**

**Committees or Individual Filing a to Oppose Recall Petition or Initiative s**

~~In the event a recall petition or are initiative petition relating to City law is filed, the committee or individual filing the petition shall be subject to the same campaign disclosure provisions as are applicable to candidates for elective City office. An elected City officer who is the subject of a recall petition may create a City ballot measure committee to oppose the recall petition. That committee is subject to the same contribution limitations and other requirements as the committee to support the recall petition.~~

**SEC. 49.7.144**

**Campaign Disclosure and Reporting Statement Filing Deadlines**

~~A. **Additional Pre-Election Campaign Statements.** In addition to the campaign statements required to that must be filed pursuant to the Political Reform Act, commencing with Government Code Section 81000, as amended, candidates for Mayor, Controller, City Attorney and City Council, elected City office, their City controlled committees, City recall committees, City ballot measure committees, and committees primarily formed to support or oppose ~~these~~ City candidates shall ~~or~~ City ballot measures must file campaign statements by the following dates prior to an election in which the candidate or measure appears on the ballot:~~

~~A. a T pre-election campaign statement on the Friday before the an election. This statement shall have a closing date of the Wednesday before the election and shall covering activity and payments occurring through that the Wednesday before the election.~~

~~B. Candidates for elective City office, their controlled committees and committees primarily formed to support or oppose these candidates shall also file campaign statements as follows in connection with a City primary election held in March of an odd-numbered year.~~

~~1. For the period ending September 30 of the year prior to the election, a statement shall be filed no later than October 10, for the period from covering activity from July 1 through September 30 in years prior to a City primary election that is held in March of an odd-numbered year.~~

~~C. 2. For the period ending December 31 of the year prior to the election, a statement shall be filed no later than January 10, of the year of the election for the period covering activity from October 1 through December 31 in years prior to a City primary election that is held in March of an odd-numbered year.~~

~~B. **Contributor Occupation & Employer.** No contribution shall be deposited into a campaign checking account of a candidate for Mayor, Controller, City Attorney or City Council unless~~

the name, address, occupation and employer of the contributor is on file in the records of the recipient of the contribution.

~~C. **Campaign Literature.** Each candidate for elective City office, and each committee making independent expenditures or member communications in a City election, who sends a mailing or distributes more than 200 substantially similar pieces of campaign literature shall send a copy of the mailing or other literature to the City Ethics Commission at the same time the mailing or other literature is given to the post office or otherwise distributed. Committees making independent expenditures or member communications in a City election and candidates who are required to open a campaign committee for City elective office shall electronically submit the mailing or other literature to the Commission in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission. A candidate who is not required to open a committee for elective City office may submit the mailing or other literature either electronically or by mail, personal delivery, or facsimile. The Commission shall post without alteration all electronic submissions it receives under this section on its website within two business days of receipt. The Commission shall also post without alteration and within two days of receipt all other submissions it receives under this section on its website. The Commission shall not judge, comment upon or edit the contents of the mailings or other literature.~~

~~D. **Online Disclosure of Campaign Statements.**~~

- ~~1. Any candidate for Mayor, Controller, City Attorney or Member of the City Council and the candidate's controlled committee required to file campaign statements with the City Ethics Commission shall file those campaign statements online, using the Commission's Electronic Filing System (EFS), after the candidate and/or committee has received contributions or made expenditures of \$25,000 or more in connection with election to an office listed in this subsection. Once a candidate or committee is required to file campaign statements online, that candidate or committee shall continue to file statements online until the committee has officially terminated. July 1, 2001, will be the beginning date for calculating the \$25,000 threshold.~~
- ~~2. Committees and other persons not required to file online by this section may do so voluntarily.~~
- ~~3. A person required by subdivision 1 to file online shall continue to file a paper copy of each campaign statement, as required by the California Political Reform Act and this Article, until the person is no longer required to file campaign statements with the City Ethics Commission. The paper copy shall continue to be the original campaign statement for audit and other legal purposes.~~
- ~~4. In addition to any late filing penalties that may be imposed for a late filing of a paper copy pursuant to the California Political Reform Act or this Article, any person who fails to comply with the online filing requirement of this section will, in addition, be subject to an additional late filing penalty of \$25 per day after the deadline for the late filing of the online copy.~~
- ~~5. The information contained on a campaign statement filed online shall be the same as that contained on the paper copy of the same statement that is filed with the Commission.~~

6. The Electronic Filing System (EFS) is an internet-based, interactive computer program developed by the Los Angeles City Ethics Commission and available on its website and allows persons to file, view and search statements and reports filed with the Commission online.

**SEC. 49.7.15**

**Campaign Information**

A. In addition to the information required by state law, candidates for elected City office and their City controlled committees must file the following information with the Ethics Commission:

1. A non-government email address for the candidate or committee;
2. The campaign's web sites, if any; and
3. The campaign's social media accounts, if any.

B. If any of the information that has been filed regarding a campaign changes, the candidate or committee must file amended information within 10 days after the change occurs.

**SEC. 49.7.16**

**Contributor Information**

A contribution may not be deposited into the campaign checking account of a candidate for elected City office unless the following is on file in the candidate's records:

A. For individuals, the contributor's name, address, occupation, and employer.

B. For non-individuals, the contributor's name, address, and primary purpose or primary business interest.

C. A certification from each contributor that the following is true:

1. The contribution has not been and will not be reimbursed;
2. The contribution is not being made under another person's name, unless the contributor is acting as an intermediary and has identified the information in subsection A of B for the source of the contribution;
3. The contribution is not being made under a name other than the name by which the contributor is identified for legal purposes;
4. The contribution does not exceed the contributor's aggregate contribution limit in Charter section 470(c)(6);
5. The contribution is not from a lobbyist or lobbying firm that is prohibited from contributing under Charter section 470(c)(11); and

6. The contribution is not from a bidder, subcontractor, principal, or underwriting firm that is prohibited from contributing under Charter section 470(c)(12) or Charter section 609(e).

#### **SEC. 49.7.17**

##### **Filing and Recordkeeping Requirements**

A. A person required by the Charter or this article to file a document or other item with the Ethics Commission must do so in a method prescribed and published by the Ethics Commission.

1. If an electronic filing is required, the Ethics Commission must provide a unique identifier to the person who is required to file, to be used in place of a physical signature for submitting and verifying data under penalty of perjury.

2. If a paper filing is required, it must contain the physical signature of the person who is required to file. It is considered filed on the earlier of the date of receipt by the Ethics Commission or the date of the postmark if it is mailed and bears the correct address and postage.

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

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

#### **SEC. 49.7.129**

##### **Officeholder Controlled Expense Funds**

###### **Declaration of Purpose:**

A. To effectively serve and fulfill their responsibilities to residents of the City, elected City officers communicate with constituents, undertake efforts to assure efficient City services, and engage in professional development activities. To accomplish these duties and responsibilities, ~~the Mayor, City Attorney, Controller and each Member of the City Council~~ an elected City officer may establish and maintain one officeholder expense fund to pay for expenses enumerated in this section that relate to carrying out the duties associated with holding elected City office.

1. Any ~~A~~ single controlled committee must be established for the officeholder expense fund, and all expenditures made ~~by a committee~~ for the purposes of assisting, serving, or communicating with constituents must be made ~~from the officeholder account~~ by that committee.

2. The committee must establish one checking account at an office of a financial institution located in the City for the officeholder expense fund. All contributions received in connection with the officeholder expense fund must be deposited into that account.

**AB. Officeholder Expense Fund**

- ~~1. Each elected City officer shall be permitted to establish and maintain one officeholder expense fund, subject to the provisions of this section.~~
- ~~2. An expenditure from the officeholder expense fund must be related to assisting, or serving, or communicating with constituents, or otherwise made in connection with the official duties of the elected City officer, provided, however that a. No expenditure may be made from an officeholder expense fund regulated by this section unless the expenditure falls into one or more of the following categories:
  - ~~a1. Expenditures for fundraising (including solicitations by mail) for the officeholder expense fund.~~
  - ~~b2. Expenditures for office equipment, office furnishings, and office supplies.~~
  - ~~c3. Expenditures for office rent.~~
  - ~~d4. Expenditures for salaries of part-time or full-time staff employed by the officeholder expense fund committee.~~
  - ~~e5. Expenditures for consulting, research, polling, photograph, videotaping and similar services.~~
  - ~~f6. Expenditures for conferences, meetings, receptions, and events attended in the performance of governmental duties by (1) the officeholder, or (2) a member of the officeholder's staff. These expenditures may include fees for materials, registration, or admission.~~
  - ~~g7. Expenditures for travel, including lodging, meals, and other related disbursements, incurred in the performance of governmental duties by the officeholder, a member of the officeholder's staff, or a member of such person's household accompanying the person on such travel.~~
  - ~~h8. Expenditures for meals during which the attendees conduct official City business.~~
  - ~~i9. Expenditures for donations to tax-exempt educational institutions or tax-exempt charitable, civic or service organizations that have received a federal tax exemption under Internal Revenue Code section 501(c)(3).~~~~

~~(1) For purposes of this paragraph, a "donation" is a payment of which a majority of the expenditure could be deducted as a charitable deduction for federal income tax purposes. A donation may be the purchase of tickets to a charitable event, provided that the majority of the ticket price would be tax deductible, and that no substantial part of the proceeds from the event will personally benefit the elected~~

~~officer~~officeholder, any member of his ~~or her~~ the officeholder's immediate family, ~~or his or her~~ the officeholder expense committee, or the committee's treasurer.

~~(2) An organization shall be considered tax exempt within the meaning of this paragraph only if it has received a federal tax exemption under Internal Revenue Code Section 501(c)(3).~~

~~j~~10. Expenditures for memberships to civic or professional organizations, if such membership serves a governmental or legislative purpose.

~~k~~11. Expenditures for an educational course or educational seminar if the course or seminar maintains or improves skills which are employed by the officeholder or a member of the officeholder's staff in the performance of his or her governmental responsibilities.

~~l~~12. Expenditures for advertisements in program books, testimonials, souvenir books, or other publications if the advertisement does not support or oppose the nomination or election of a candidate for City office.

~~m~~13. Expenditures for mailings to persons within the City which provide information related to ~~City~~City-sponsored events, government services, the requirements of the law or an official's position on a particular matter on which the Council, Mayor, or a City agency is acting or has recently acted.

~~n. Contributions or expenditures to support or oppose candidates seeking election to an office other than an elective City office.~~

~~o. Contributions or expenditures to support or oppose ballot measures.~~

~~p~~14. Contributions to a political party or committee, including ~~Expenditures for the purchase of tickets to political events, where no substantial part of the proceeds will personally benefit the elected officer~~officeholder, any member of his ~~or her~~ the officeholder's immediate family, or his ~~or her~~ the officeholder's committee treasurer.

~~q~~15. Expenditures for expressions of congratulations, appreciation, or condolences sent to constituents, employees, governmental officials, or other individuals with whom the officeholder communicates in his ~~or her~~ an official capacity. No more than \$100 per fiscal year may be expended per individual recipient ~~acknowledged pursuant to this paragraph.~~

~~r~~16. Expenditures for conferences, meetings, receptions, and events concerning City business or issues which are officially sponsored and hosted by the ~~elected officeholder and his or her office.~~ These expenditures may include site fees, advertising brochures, invitations, materials distributed to attendees, refreshments, equipment, and services, and other incidental expenses.

~~s~~17. Expenditures for events such as meetings, luncheons, and retreats attended primarily by the ~~elected officer's~~ officeholder's staff in the conduct of official City business.

—t18. Expenditures for social events held by the ~~elected official~~ officeholder to honor or thank members of ~~his or her~~ the officeholder's staff; or in connection with a holiday celebration, attended primarily by the ~~elected officer's~~ officeholder's staff.

—u19. Expenditures for payment of tax liabilities incurred as a result of authorized officeholder expense fund transactions.

—v20. Expenditures for accounting, professional, and administrative services provided to the officeholder expense fund.

21. Expenditures to pay for expenses that are associated with the officeholder's campaign committee and were either unforeseen or could not reasonably have been paid by the campaign committee.

—w22. An expenditure similar to ~~an~~ the specified expenditures detailed in Paragraphs (a) through (v), inclusive, if, prior to making the expenditure, the officeholder or the officeholder expense fund has received written advice from the City Ethics Commission that the expenditure is permissible pursuant to this paragraph subsection. The City Ethics Commission shall must respond to requests for such approval no more than five working days from the date a request for formal advice has been received.

—3C. Officeholder expense funds shall may not be used for the following:

—a1. Expenditures in connection with a future election for elective City office.

—b2. Membership in any athletic, social, fraternal, veteran, or religious organization.

—c3. Supplemental compensation for employees for performance of an act which would be required or expected of the person in the regular course ~~or hours~~ of his or her duties as a City official or employee.

—d4. ~~Any e~~Expenditures that would violate the provisions of Government Code Section 89506 or 89512 through 89519.

—4D. ~~No A~~ person shall may not make, and ~~no elective City officer~~ an officeholder or officeholder expense fund shall may not solicit or accept or cause to be solicited or accepted from any single person ~~any contribution or contributions or any payment or payments~~ for legislative or governmental purposes within the meaning of Government Code Section 82015(b)(2)(B)(iii), all of which cumulatively exceeds the following during any fiscal year:

—a1. \$1,000 to the officeholder expense fund of the ~~Mayor, City Attorney or Controller~~ Citywide officeholder; or

—b2. \$500 to the officeholder expense fund of a ~~Member of the City Council~~ officeholder.

For purposes of this ~~Code~~ article, a payment made for legislative or governmental purposes does not include any payments by Internal Revenue Code Section 501(c)(3) non-profit organizations and bona fide educational institutions for a salary or other remuneration to a student or other worker who serves as an intern in the office of an elective City officer.

~~5E.~~

~~a.~~ No ~~An~~ elective City officer or his or her officeholder expense fund shall ~~may not~~ solicit or accept or cause to be solicited or accepted any contribution that would cause the total of either the amount of contributions from all persons to an officeholder expense fund or the total outstanding balance of the fund during any fiscal year to exceed \$75,000.

~~bF.~~ Campaign funds remaining in the campaign checking account of a candidate elective to City office shall be transferred into his or her the officeholder account ~~expense fund~~ within six months of ~~after~~ election to office. The amount of funds transferred from an officeholder's campaign committee and from any other officeholder expense fund account controlled by the same elective City officer shall reduce by an equal amount the contributions that may be solicited or accepted for the officeholder ~~account~~ expense fund during that fiscal year. A maximum of \$75,000 shall ~~may~~ be transferred into the account. If the transfer equals \$75,000, no contributions may be solicited or accepted for the officeholder ~~account~~ expense fund for the fiscal year during which the transfer is made.

~~6G.~~ Except for expenditures made for purposes pursuant to paragraphs (i), (n), (o), (p), (q), and (u) of subdivision 2 of this subsection, ~~no expenditures~~ from the officeholder expense fund of an ~~elected~~ City officer shall be made which would cause cumulative expenditures of the fund during a fiscal year to ~~may not~~ exceed \$75,000 in a fiscal year.

~~7H.~~ ~~After the~~ From the date the ~~elective~~ City officer has ~~filed~~ a "Declaration of Intention to Solicit and Receive Contributions" in connection with any future election for elective City office, ~~or during the twelve months prior to the date of the~~ Become a Candidate through the date of the election on which the elected City officer's name will appear on the ballot at a primary nominating or general municipal election, whichever comes first for which the declaration was filed, officeholder expense funds shall ~~may not~~ be expended ~~only for the~~ following:

~~a1.~~ ~~these purposes set forth in paragraphs (a), (b), (c), (d), (f)(2), (g) (when in conjunction with Internal Revenue Code 501(c)(3) tax exempt organizations), (h), (i), (j), (k), (n), (o), (p), (q), (r), (s), (t), (u), (v) of subdivision 2 for this subsection;~~ Consulting, research, polling, photography, videotaping, and similar services.

2. Conferences, meetings, receptions, and events attended by the officeholder.

3. Travel, including lodging, meals, and other related disbursements, incurred in the performance of governmental duties by the officeholder, a member of the officeholder's staff, or a member of such person's household accompanying the person on such travel, except to the extent that the travel is in conjunction with an organization that has received tax-exempt status under Internal Revenue Code section 501(c)(3).

4. Advertisements in program books, testimonials, souvenir books, or other publications.

5. Mailings that provide information about City business when either of the following applies:

~~ba.~~ any ~~The mailing consists of more than 200 or fewer~~ substantially similar pieces to persons within the official's district which provides information related to City business; or

~~eb. any. The mailing of more than 200 substantially similar pieces which provides information about City business, if the piece contains the officeholder's name (other than as part of an electronic mail or Internet address or once on a letterhead or envelope) or photograph.~~

~~(1) does not contain an elected official's photograph, and;~~

~~(2) does not contain an elected official's name, other than:~~

~~(a) as part of an official's electronic mail or internet address,~~

~~(b) once on a letterhead, logotype or form, and~~

~~(c) once on the envelope.~~

~~8. Notwithstanding Subdivision 7 above, no mailing may be produced or sent at officeholder expense between the time the elected City officer has filed a "Declaration of Intent to Become a Candidate" for any elective City office and the date of the election at which the person appears on the ballot.~~

~~9]. No expense for personal services shall be incurred by a~~ An officeholder expense fund committee may not incur an expenditure for personal services unless the committee first enters into a written contract for such services. ~~Such~~ The contract must set forth the services to be performed and the amount that will be paid for such services (or a basis for calculating ~~such~~ the amount).

~~B.~~

#### **SEC. 49.7.20**

#### **Legal Defense Fund**

~~1A. Every elected City officer or candidate for elected City office shall be permitted to may establish and maintain one a~~ Legal Ddefense Ffund for a civil or criminal court case or administrative proceeding arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officeholder's governmental activities and duties.

~~21. In addition to contributions received in connection with an election to an elected City office or to defray officeholder expenses, an elected City officer or candidate for elected City office who receives contributions for a legal defense fund, may use those funds solely to defray attorney's fees and other legal costs incurred in the officeholder's or candidate's legal defense to one or more~~ the civil or criminal court cases, or administrative proceedings, ~~arising directly out of the conduct of an election campaign, the electoral process or the performance of the officer's governmental activities and duties.~~

~~32. The officeholder or candidate shall file with the City Ethics Commission a "Statement of Purpose" identifying the specific civil or criminal court case, or administrative proceedings, for which the~~ Legal Ddefense Ffund is established. The "Statement of Purpose" ~~shall~~ must be filed before any contributions are solicited and/or accepted.

~~43. The Legal Defense Fund shall must be named: "The ([name of candidate or officeholder]) Legal Defense Fund for [case or proceeding number or, if a number does not exist, a brief description of the case or proceeding]".~~

~~4. A single controlled committee must be established for the legal defense fund and all expenditures must be made by that committee.~~

~~5. The committee must establish one checking account at an office of a financial institution located in the City for the legal defense fund. All contributions received in connection with the legal defense fund must be deposited into that account.~~

~~5B. No A person shall may not make, or no and an elected City officer or candidate shall for elected City office may not solicit or accept from any single person; contributions totaling more than \$1,000 during a fiscal year to a Legal Defense Fund in connection with any single court case or administrative proceeding as identified in the "Statement of Purpose".~~

~~6C. No legal defense funds remaining after any court case or proceeding in connection with which the funds were raised may be transferred to any other fund or committee. Within six months after the final conclusion of the lawsuit case or proceeding and the payment of all debts incurred in connection with that lawsuit case or proceeding, any surplus legal defense funds may be used in connection with any other lawsuit or administrative proceeding brought against the elected City officer or candidate for the purpose stated in Subdivision 2, or may be legal defense fund, returned to donors on a pro rata basis, or given to the City's General Fund.~~

~~7D. This section shall constitute is the sole authority for soliciting or accepting donations for legal costs contributions for the defense of an action relating to an election campaign, electoral process, or an officeholder's conduct in office.~~

### ~~C. **Single Controlled Committee and Bank Account**~~

~~1. Each elected City officer or candidate who wishes to make expenditures for the purposes set forth above for either the officeholder expense fund or the legal defense fund shall establish a single controlled committee from which all such expenditures shall be disbursed. Each of the funds shall be considered a subaccount of the controlled committee. If a contribution is designated by the contributor as a contribution to the legal defense fund, then the contribution shall be credited to that fund. If a contribution is designated by the contributor as a contribution to the officeholder expense fund, or if the contribution is not designated as a contribution to either fund, then the contribution shall be credited to the officeholder expense fund.~~

~~2. The committee shall establish one checking account at an office of a financial institution located in the City of Los Angeles for the officeholder expense fund and legal defense fund. The account shall serve as the depository account for all contributions received in connection with the officeholder expense fund and the legal defense fund, and all such contributions shall be deposited into such account.~~

~~D. **Contribution Limits.** A contribution to the officeholder expense fund or the legal defense fund shall not be subject to any other contribution limitations contained in the City Charter or a City ordinance, except as provided in this section.~~

**E. Disclosure.**

- ~~1. Elected City officers, candidates and committee treasurers shall be required to maintain such detailed accounts, records, bills and receipts that are necessary to prepare campaign statements and to comply with the Political Reform Act of 1974, as amended, the regulations of the Fair Political Practices Commission, this section, and any regulations of the City Ethics Commission.~~
- ~~2. Campaign disclosure statements shall be filed for the committee. Those statements shall contain separate summary pages and disclosure schedules for the officeholder expense fund and legal defense fund.~~
- ~~3. In addition to the campaign statements required by the Political Reform Act of 1974, as amended, and Los Angeles Municipal Code Section 49.7.11, the elective City officer or candidate shall file campaign statements for his or her officeholder expense fund and legal defense fund as follows:
  - ~~a. During a year when the elective City officer's name does not appear on a ballot for elective City office, the elective officer and the controlled committee for the officeholder expense fund and legal defense fund shall file quarterly campaign statements no later than April 30 for the period ending March 31, no later than July 31 for the period ending June 30, no later than October 31 for the period ending September 30, and no later than January 31 for the period ending December 31.~~
  - ~~b. During a year when the elective City officer's name appears on a ballot for elective City office, the elective City officer and the controlled committee for the officeholder expense fund and legal defense fund shall file all campaign statements in accordance with the schedule prescribed by the Political Reform Act of 1974, as amended, and Section 49.7.11 A. of this Code. Upon assuming City office, the elected City officer shall immediately begin filing quarterly statements as required by subdivision 1 of this subsection.~~~~
- ~~4. Persons required to file disclosure statements for officeholder expense fund committees shall comply with the requirements of Section 49.7.11 D of this Code, except that there shall be no threshold dollar amount as a prerequisite to the filing obligation. In addition to any late filing penalties that may be imposed for a late filing of a paper copy pursuant to the California Political Reform Act or this Article, any person who fails to comply with the online filing requirement of this section will, in addition, be subject to an additional late filing penalty of \$25 per day after the deadline for the late filing of the online report.~~

**F. Miscellaneous.** Except as expressly provided, nothing in this section shall be deemed to exempt any person or committee from complying with applicable provisions of any other laws.

**SEC. 49.7.21**

**Disclosure by Officeholder Expense Funds and Legal Defense Funds.**

~~1. Elected City officers, candidates and committee treasurers shall be required to maintain such detailed accounts, records, bills and receipts that are necessary to prepare campaign statements and to comply with the Political Reform Act of 1974, as amended, the regulations of the Fair Political Practices Commission, this section, and any regulations of the City Ethics Commission.~~

~~2. Campaign disclosure statements shall be filed for the committee. Those statements shall contain separate summary pages and disclosure schedules for the officeholder expense fund and legal defense fund.~~

~~3. In addition to the campaign statements required by the Political Reform Act of 1974, as amended, and Los Angeles Municipal Code Section 49.7.144, the elected City officers or and candidate shall must file campaign statements for his or her their officeholder expense funds and legal defense funds as follows:~~

~~a1. During a year when the elective City officer's name does not appear on a ballot for elective City office, the elective officer and the controlled committee for the officeholder expense fund and legal defense fund shall file Except as specified in subsection E(2), quarterly campaign statements must be filed no later than the following dates.~~

~~a. April 30 for the period quarter ending March 31, no later than;~~

~~b. July 31 for the period quarter ending June 30, no later than;~~

~~c. October 31 for the period quarter ending September 30; and no later than~~

~~d. January 31 for the period quarter ending December 31.~~

~~b2. During a year wWhen the elective City officer's name appears on a ballot for elective City office, the elective City officer and the controlled committee for the officeholder expense fund and legal defense fund shall file all campaign statements in accordance with the schedule proscribed by the Political Reform Act of 1974, as amended, and Section 49.7.11 A. of this Code. Upon assuming City office, the elected City officer shall immediately begin filing quarterly statements as required by subdivision 1 of this subsection. officeholder or candidate has filed a Declaration of Intent to Solicit and Receive Contributions, quarterly statements must be filed no later than the following dates.~~

~~a. During the year prior to the election:~~

~~i. April 30 for the quarter ending March 31;~~

~~ii. July 31 for the quarter ending June 30;~~

~~iii. October 10 for the quarter ending September 30; and~~

~~iv. January 10 for the quarter ending December 31.~~

b. During the year of the election:

i. July 31 for the quarter ending June 30, including any activity not covered by the previous campaign statement;

ii. October 31 for the quarter ending September 30; and

iii. January 31 for the quarter ending December 31.

~~4. Persons required to file disclosure statements for officeholder expense fund committees shall comply with the requirements of Section 49.7.11-D of this Code, except that there shall be no threshold dollar amount as a prerequisite to the filing obligation. In addition to any late filing penalties that may be imposed for a late filing of a paper copy pursuant to the California Political Reform Act or this Article, any person who fails to comply with the online filing requirement of this section will, in addition, be subject to an additional late filing penalty of \$25 per day after the deadline for the late filing of the online report.~~

**SEC. 49.7.1324**  
**Expenditure Ceilings**

A. ~~No candidate for City Council who files a statement of acceptance of matching funds, nor any Participating candidates and their controlled committees of such candidate, shall make qualified campaign expenditures for election to City office may not make expenditures above the following amounts:~~

~~1. City Council candidates: \$330480,000 per primary election and \$275400,000 per general election.~~

~~B2. No candidate for Controller who files a statement of acceptance of matching funds, nor any controlled committee of the candidate, shall make qualified campaign expenditures above the following amounts: candidates: \$9001,119,000 for the per primary election and \$676840,000 for the per general election.~~

~~C3. No candidate for City Attorney who files a statement of acceptance of matching funds, nor any controlled committee of the candidate, shall make qualified campaign expenditures above the following amounts: candidates: \$1,043259,000 for the per primary election and \$788979,000 for the per general election.~~

~~D4. No candidate for Mayor or who files a statement of acceptance of matching funds, nor any controlled committee of the candidate, shall make qualified campaign expenditures above the following amounts: candidates: \$2,251798,000 for the per primary election and \$1,8002,237,000 for the per general election.~~

B. The expenditure ceilings are subject to adjustment under Section 49.7.3.

E. ~~For purposes of this section, primary election includes a special primary election and general election includes a special runoff election.~~

F. ~~"Qualified campaign expenditure" means:~~

- ~~1. Any expenditure made by a candidate for elective City office, or by a committee controlled by such a candidate, for the purpose of influencing or attempting to influence the actions of the voters for or against the election of any City candidate.~~
- ~~2. A non-monetary contribution provided at the request of or with the approval of the candidate, officeholder or committee controlled by the candidate or officeholder.~~
- ~~3. "Qualified campaign expenditure" does not include any payment if it is clear from the surrounding circumstances that it was not made in any part for political purposes.~~

**SEC. 49.7.1425**  
**Expenditure Ceilings Lifted**

~~If a candidate who declines to accept matching funds makes qualified campaign expenditures in excess of the expenditure ceiling, or if an independent expenditure committee or committees in the aggregate spend more than \$50,000 in the case of a City Council race, \$100,000 in the case of an election for City Attorney or Controller, or \$200,000 in the case of an election for Mayor, in support of or in opposition to any such candidate, the applicable expenditure ceiling shall is no longer be binding on any participating candidate running for the same office in either of the following scenarios:~~

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

~~These amounts are subject to adjustment under Section 49.7.3.~~

**SEC. 49.7.1526**  
**Notification by Non-Participating Candidate Notice Regarding Expenditure Ceiling Amounts.**

~~A non-participating candidate who declines to receive matching funds shall must notify the Ethics Commission by telephone and by confirming telegram, fax or e-mail on the day the candidate raises more than 100% percent of the applicable expenditure ceiling and again on the day the candidate spends more than 100% percent of the applicable expenditure limit; t. The Ethics Commission shall must notify all other candidates for the same office by telephone, fax or email within one business day of receiving the non-participating candidate's notice.~~

**SEC. 49.7.16**

**Time Periods for Expenditures**

~~For purposes of the expenditure ceilings, qualified campaign expenditures made at any time up to the date of a primary election shall be considered expenditures for that election, and qualified campaign expenditures made after the date of the primary election shall be considered expenditures for the general or runoff election. However, in the event that payments are made but the goods or services are not used during the period purchased, the payments shall be considered qualified campaign expenditures for the time period in which the goods or services are used. Payments for goods and services used during both periods shall be prorated.~~

**SEC. 49.7.4822**

**Candidate Acceptance or Rejection of Matching Funds**

- A. ~~At the time of filing his or her the d~~Declaration of i~~ntention to Become a Candidate~~ pursuant to City Election Code Ssection 3201, each candidate shall ~~must~~ file a statement of acceptance or rejection of matching funds. ~~Within seven (7) days after the final filing date for such declarations, a candidate who had previously filed a statement of acceptance of matching funds may reject matching funds if another candidate for the same office has rejected matching funds, provided that the candidate returns to the City any matching funds payments received for that election. If a A candidate who agrees to accept matching funds, the candidate shall must~~ comply with the provisions of Section 49.7.13 requirements of the program, including but not limited to the expenditure ceilings.
- B. ~~Each candidate shall notify the City Ethics Commission by personal delivery, telegram, fax or email on the day the candidate raises, spends or has cash on hand of more than \$50,000 in the case of a candidate for City Council, \$100,000 in the case of a candidate for City Attorney or Controller and \$200,000 in the case of a candidate for Mayor. The notification shall identify whether that amount was raised, spent or is cash on hand. The Commission shall then so notify all other candidates for the same office. A candidate who has filed a statement of acceptance of matching funds may subsequently reject matching funds up to five business days after the final filing date for the Declaration of Intention to Become a Candidate if another candidate in the same race has rejected matching funds. The candidate must return to the City any matching funds payments received for that election.~~
- C. ~~Each matching funds participating candidate shall notify the City Ethics Commission by personal delivery, telegram, fax or e-mail on the day that the amount of the expenditure ceiling established for participating candidates in Section 49.7.13 has been raised, spent by the candidate or once the candidate has cash on hand in that amount. The notification shall be made within 24 hours of the date the amount has been reached.~~

**SEC. 49.7.4923**

**Participation and Qualification Requirements**

- A. Agreeing to participate in the matching funds program is binding for both the primary election and the general election.
- B. A participating candidate who qualifies to receive matching funds in the primary election automatically qualifies to receive matching funds in the general election. A participating

candidate who does not qualify to receive matching funds in the primary election may qualify to receive matching funds through the candidate's controlled committee for the general election.

C. In order to qualify to receive matching funds in a primary nominating or special primary election, Qualification means that a participating candidate shall meet has met all of the following requirements:

1. The candidate and his or her the candidate's controlled committee must received qualified contributions that meet the following criteria.

a. The contributions meet or exceed the following aggregate amounts; (other than contributions from the candidate or his or her immediate family) of at least

i. \$25,000 in the case of a candidate for City Council candidates;

ii. \$75,000 in the case of a candidate for City Attorney or and Controller candidates; and

iii. \$150,000 in the case of candidate for Mayoral candidates.

For purposes of this section, a candidate may receive a contribution up to the allowable contribution limits, but only (The first \$500 of each contribution counts toward the threshold in the case of a candidate for City Attorney, Controller, or Mayor Citywide candidates, and the first \$250 of each contribution counts toward the threshold for in the case of a candidate for City Council, shall count toward the qualification threshold candidates. Loans, pledges, and non-monetary contributions do not count toward the thresholds.

b. The contributions are not from the candidate or the candidate's immediate family.

c. For regular elections, the Only contributions were received within the time period before the election as specified in Section 49.7.7, or, if a prior to the date of the election and after the opening of the applicable fundraising window, as specified in Section 49.7.10(A). For special elections, the contributions were received prior to the date of the election, after the election has been called, and after the dDeclaration of iIntention to sSolicit and raise funds is Receive Contributions has been filed, may be counted for the above thresholds.

d. Beginning with the 2015 regular City elections, the contributions were received from individuals residing within the City.

e. Beginning with the 2015 regular City elections, the contributions include 200 contributions of at least five dollars each from individuals residing within the City or, for City Council candidates, within the council district for which election is sought.

2. The candidate is certified to appear on the ballot for the election and is not a write-in candidate.

23. The candidate is opposed by a candidate running for the same office who has qualified for matching funds or who has raised, spent or has cash on hand of at least \$50,000 in the case of a candidate for City Council, \$100,000 in the case of a candidate for City Attorney or Controller and \$200,000 in the case of a candidate for Mayor to appear on the ballot for that election and is not a write-in candidate.

34. The candidate contributes no more than the following amounts in personal funds to the campaign:

a. \$25,031,100 for the election in the case of a candidate for City Council candidates.

b. and no more than \$100,024,500 for the election in the case of any other candidate from his or her personal funds to the campaign Citywide candidates.

These amounts are subject to adjustment under Section 49.7.3.

4. Campaign contributions received after an election shall be eligible for matching funds if the contributions were received during the three month period after the election for the purposes of retiring debt incurred during the election campaign. The balance of any outstanding personal loan that is a contribution under Section 49.7.6 are not "debt" for the purposes of this section.

B. If the City Council has caused certificates of nomination to be issued by the City Clerk to the two candidates receiving the highest number of votes for any given office at the primary nominating election, the candidates shall be eligible in a general election to (1) receive matching funds in the amount of one-fifth of the amount of funds specified in Section 49.7.22 B, not subject to the requirements of Section 49.7.20 (matching funds formula), and (2) receive total matching funds up to the amount specified in Section 49.7.22, subject to the requirements of Section 49.7.20.

C. 5. In order to qualify for matching funds, a The candidate in a primary election must agree in writing to participate in at least one debate with his or her opponents in the primary election, and a candidate in a general election must agree in writing to participate in at least two debates with his or her the opponents in the general election.

D. 6. For the purposes of Subsections A and B, a loan, pledge or a non-monetary contribution shall not be considered a contribution The candidate agrees in writing not to exceed the applicable expenditure ceilings.

E. 7. A participant may not receive a matching funds payment unless the participant, The candidate or his or her the candidate's controlled committee, has filed all previously due campaign statements required by the Political Reform Act of 1974, as amended, and Section 49.5.15 of, the Charter, this Code, or the Administrative Code until all such statements are filed.

D. A participating candidate who violates the terms of the matching funds program is disqualified from receiving matching funds for the remainder of the election cycle.

**SEC. 49.7.2027**

**Matching Funds Formula**

A. ~~A candidate who is eligible to receive matching funds shall receive payments for qualified contributions received from an individual (other than a contribution from the candidate or his or her family) on the basis of the following formula will be matched with public funds up to the following amounts:~~

~~1. \$250 per qualified contribution for City Council candidates;~~

~~2. \$500 per qualified contribution for Citywide candidates.~~

B. ~~Four dollars in matching funds will be paid to qualified participating candidates for each dollar in qualified contributions. In a general election, each participating candidate who has qualified to receive matching funds will, upon certification for the ballot, receive a grant of one-fifth of the amount specified in Section 49.7.29(B). The remaining four-fifths will be paid at the rate of four dollars in matching funds for each dollar in qualified contributions.~~

~~1. For the primary election: One dollar in matching funds for each dollar in contributions while a candidate is attempting to reach the threshold of Section 49.7.19 within twelve months before the date of the election, or if a special election, twelve months before the date of the election or after the candidate filed a declaration of intention to solicit and raise funds, whichever is later. Contributions which qualify for matching funds include: (i) for candidates for Mayor, City Attorney or Controller, only the first \$500 from an individual; (ii) for candidates for City Council, only the first \$250 from an individual.~~

~~2. Upon certification for the general election, each participating candidate shall receive a 1/5th grant of the amount of funds specified in Section 49.7.22 of this Code, not subject to the matching funds requirement detailed in Section 49.7.20 of this Code. The remaining 4/5ths of matching funds available to a candidate shall be provided to the candidate on the basis of the following formula: (i) for candidates for Mayor, City Attorney or Controller, one dollar in matching funds for each dollar in contributions received from an individual, up to the first \$500; or (ii) for candidates for City Council, one dollar in matching funds for each dollar in contributions received from an individual, up to the first \$250, during the periods in which the candidate was allowed to solicit and accept contributions.~~

~~B. For purposes of this section, a loan, pledge, or non-monetary contribution shall not be considered a contribution.~~

~~C. For purposes of this section, a candidate may receive contributions up to the applicable contribution limit, but only the first \$500 of each contribution in the case of a candidate for Mayor, City Attorney or Controller, and the first \$250 in the case of a candidate for City Council, shall be matched.~~

**SEC. 49.7.2428**

**Candidate Requests for Matching Funds Payments**

A. ~~The City Ethics Commission shall determine the information needed to be submitted to qualify for payment of matching funds. The Commission shall certify each request for~~

~~payment of matching funds. A participating candidate may not request a matching funds payment for less than \$10,000 in payments-qualified contributions at any one time; provided, however, that in the up to 14 days preceding an election. Beginning 14 days preceding before an election and ending on the last day to submit requests for payment, as identified in Administrative Code section 24.34(c)(3), a participating candidate may request a matching funds payment for \$1,000 or more in such payments-qualified contributions at any one time.~~

B. Requests for matching funds payments must contain the information required by the Ethics Commission.

BC. Any candidate who knowingly or willfully makes a request for any matching funds payment of matching funds that is false, and knows or should know that the request is false or who misrepresents the that a contributions received by him or her or by his or her controlled committee that forms the basis of the request is misrepresented, is guilty of a misdemeanor and must return all matching funds received as a result of the request and, if such. If the candidate holds or is elected to office, the false request constitutes a violation of official duties and, if it is deemed appropriate by a court under the circumstances Charter section 207(c), shall be removed from office. Any candidate who knowingly, willfully or negligently makes a request for any payment of matching funds that is false, or who knowingly, willfully or negligently misrepresents the contributions received by him or her or by his or her controlled committee, shall return all matching funds received as a result of such request.

#### **SEC. 49.7.2229**

#### **Maximum Matching Funds Available to Candidate**

A. Primary Election. Except as provided in Subsection C, no candidate shall receive matching funds in excess of {The following maximum amounts may be paid to qualified participating candidates for in a primary election:

1. \$100,000 in the case of a candidate for City Council candidates;
2. \$267,000 in the case of a candidate for Controller candidates;
3. \$300,000 in the case of a candidate for City Attorney candidates; and
4. \$667,000 in the case of a candidate for Mayoral candidates.

B. General Election. Except as provided in Subsection D, no candidate shall receive matching funds in excess of {The following maximum amounts may be paid to qualified participating candidates for in a general election:

1. \$125,000 in the case of a candidate for City Council candidates;
2. \$300,000 in the case of a candidate for Controller candidates;
3. \$350,000 in the case of a candidate for City Attorney candidates; and
4. \$800,000 in the case of a candidate for Mayoral candidates.

~~C. **Primary Election — Accelerated Matching Funds — Personal Funds.** Any candidate who has filed a declaration pursuant to Section 48.7.18 A., and who has qualified to receive matching funds pursuant to Section 49.7.19 in the primary election, shall become eligible to receive, from that point forward, three dollars in public funds for each eligible dollar in contributions received, when any non-participating candidate in the same race contributes an amount of personal funds greater than or equal to 50 percent of the spending limit and spends in excess of the spending limit for participating candidates in that race.~~

~~D. **General Election — Increased Matching Funds.** Any participating candidate who has qualified to receive matching funds in the primary election may qualify to receive total matching funds in the general election up to the following amounts: \$1,000,000 in the case of a candidate for Mayor; \$420,000 in the case of a candidate for City Attorney; \$360,000 in the case of a candidate for City Controller; \$150,000 in the case of a candidate for City Council when any of the following occur:~~

- ~~1. Any non-participating candidate in the same race contributes an amount of personal funds greater than or equal to 50 percent of the spending limit and exceeds the spending limit in that race;~~
- ~~2. Non-candidate spending is made to support any other candidate in the same race in the following aggregate amounts: \$200,000 in the case of a candidate for Mayor; \$100,000 in the case of a candidate for City Attorney or Controller; \$50,000 in the case of a candidate for City Council; or~~
- ~~3. Non-candidate spending is made in opposition to his or her election in the following aggregate amounts: \$200,000 in the case of a candidate for Mayor; \$100,000 in the case of a candidate for City Attorney or Controller; \$50,000 in the case of a candidate for City Council.~~

~~E. When a participating candidate becomes eligible to receive additional matching funds as provided in Subsection D, that candidate may receive matching funds from that point forward at the rate of three dollars in public funds for each eligible dollar in contributions received, up to the maximum amount allowed in Subsection D. Only the part of the claim that does not exceed the maximum amount shall be paid.~~

#### **SEC. 49.7.230**

##### **Matching Funds Payments to Candidates**

- ~~A. The Ethics Commission must certify each request for matching funds payment within three business days after receiving the request.~~
- ~~B. The Controller shall must make matching funds payments in the amount certified by the City Ethics Commission. Payments shall be made no later than four working within two business days after after receipt by receiving the certification from the Ethics Commission.~~
- ~~C. A matching funds payment may not be made before the Ethics Commission determines the sufficiency of the Public Matching Funds Trust Fund under Administrative Code section 24.33. If the Ethics Commission determines that the money available for matching fund purposes balance of the Public Matching Funds Trust Fund is not, or may not be, sufficient to satisfy the full entitlement of the eligible pay the maximum matching funds to all qualified participating candidates, the Commission shall must notify the Controller to withhold~~

sufficient amounts, as determined by the Commission, as may be necessary sufficient to assure ~~ensure~~ that each eligible qualified participating candidate will receive a pro rata share of their entitlement applicable maximum. The amounts withheld ~~shall~~ will be paid ~~when~~ if the Ethics Commission subsequently determines that there is sufficient money to pay the amounts or portions of the amounts maximum matching funds.

**D. ~~Online Disclosure of Campaign Statements.~~**

- ~~1. Any candidate for Mayor, Controller, City Attorney or Member of the City Council and the candidate's controlled committee required to file campaign statements with the City Ethics Commission shall file those campaign statements online, using the Commission's Electronic Filing System (EFS), after the candidate and/or committee has received contributions or made expenditures of \$25,000 or more in connection with election to an office listed in this subsection. Once a candidate or committee is required to file campaign statements online, that candidate or committee shall continue to file statements online until the committee has officially terminated. July 1, 2001, will be the beginning date for calculating the \$25,000 threshold.~~
- ~~2. Committees and other persons not required to file online by this section may do so voluntarily.~~
- ~~3. A person required by subdivision 1 to file online shall continue to file a paper copy of each campaign statement, as required by the California Political Reform Act and this Article, until the person is no longer required to file campaign statements with the City Ethics Commission. The paper copy shall continue to be the original campaign statement for audit and other legal purposes.~~
- ~~4. In addition to any late filing penalties that may be imposed for a late filing of a paper copy pursuant to the California Political Reform Act or this Article, any person who fails to comply with the online filing requirement of this section will, in addition, be subject to an additional late filing penalty of \$25 per day after the deadline for the late filing of the online copy.~~
- ~~5. The information contained on a campaign statement filed online shall be the same as that contained on the paper copy of the same statement that is filed with the Commission.~~
- ~~6. The Electronic Filing System (EFS) is an internet-based, interactive computer program developed by the Los Angeles City Ethics Commission and available on its website and allows persons to file, view and search statements and reports filed with the Commission online.~~

**SEC. 49.7.2518**

**Reproduction of Materials**

Any person who reproduces, broadcasts, or distributes any material ~~which~~ that is drafted, printed, prepared, or previously broadcast by a candidate or a City controlled committee ~~controlled by such~~ a candidate shall must report such ~~an~~ the expenditure as a non-monetary contribution to such ~~the~~ candidate or committee.

**SEC. 49.7.2631**

**Notice of Payments for Disclosure of Independent Expenditures and Non-Behested Member Communications**

A. ~~Disclosure of Payments.~~ Any person, ~~including any who qualifies as a committee, that makes or incurs independent expenditures of \$1,000 or more in support of or in opposition to any City measure or candidate for elective City office, or one or more payments for member communications, as defined by this article, totaling \$1,000 or more in support of or in opposition to a candidate for elective City office or City measure, shall under the Political Reform Act must notify the City Ethics Commission within 24 hours by certified mail or fax or e-mail each time one or more payments, which meet this threshold, are made. of doing either of the following for an independent expenditure communication:~~

- ~~1. Making or incurring expenditures of \$1,000 or more.~~
- ~~2. Distributing an audio, video, written, or electronic communication to 200 or more persons, without regard to cost.~~

~~Once a notification threshold is met, every subsequent expenditure made or incurred regarding that measure or candidate must also be disclosed.~~

B. ~~A person other than a person who qualifies as a committee under the Political Reform Act must notify the Ethics Commission within 24 hours of distributing an audio, video, written, or electronic independent expenditure communication to 1,000 or more persons, without regard to cost.~~

~~BC. Contents of Notice.~~ The notification shall ~~under subsection A must include the following.~~

- ~~1. consist of aA declaration under penalty of perjury signed by the person and the committee treasurer, specifying the following:~~
  - ~~a. Each candidate or measure supported or opposed by the expenditurecommunication;~~
  - ~~b. For a communication under subsection A(1), the amount of the expenditure and the amount spent to support or oppose each candidate or measure, and for an communications under subsection A(2), the number of persons to whom the communication was distributed;~~
  - ~~c. wWhether the each candidate or measure was supported or opposed, and;~~
  - ~~d. tThat the expenditure communication was not behested by any of the candidate or candidates who benefited from the expenditure. This declaration shall be made under penalty of perjury and signed by the person or officer and the treasurer of the group making the expenditure. In addition, it;~~
  - ~~e. tThe dates and the communication was made or distributed and any expenditures were incurred;~~
  - ~~f. amount of the payment, aA description of the type of communication for which the payment was made or incurred;~~

- g. The name and address of the person making, distributing, or incurring the payment, communication;
- h. The name and address of the payee, if applicable, and any vendor that provided service for the communication, and;
- i. Contributions of \$100 or more received by the committee since the later of the day after the closing date of the campaign statement filed by the committee or the first day of the current calendar year. This disclosure requirement does not apply to contributions that are earmarked for a non-City candidate or ballot measure; and
- j. Contributions of \$100 or more that the person made in the current calendar year to City candidates, City controlled committees, City ballot measure committees, City recall committees, committees primarily formed to support or oppose City candidates or measures, and City general purpose recipient committees.

2. A copy of the mailing or advertisement, or a copy of the script or recording of the call, transmission, or advertisement, shall also be provided to the Commission communication.

a. If the communication is a telephone call or similar audio communication, a copy of the script and, if the communication is recorded, the recording must be provided.

b. If the communication is audio or video, a copy of the script and an audio or video file must be provided.

~~The notification also shall include disclosure of contributions of \$100 or more received by the committee since the day after the closing date of the committee's last campaign disclosure report filed with the Commission or since the first day of the current calendar year, whichever date occurs later; however, contributions that are received, but earmarked for any other candidate or ballot measure outside the City of Los Angeles need not be disclosed. 5The notification also shall include disclosure of contributions of \$100 or more made in the current calendar year by the person to City candidates, their controlled committees, committees primarily formed to support or oppose City measures, and City general purpose recipient committees.~~

D. The notification under subsection B must include the following.

1. A declaration under penalty of perjury signed by the person, specifying the following:

a. Each candidate or measure supported or opposed by the communication;

b. The number of persons to whom the communication was distributed;

c. Whether each candidate or measure was supported or opposed;

d. That the communication was not behested by any candidate who benefited from it;

e. The dates the communication was distributed;

f. A description of the type of communication; and

g. The name and address of the person distributing the communication.

2. A copy of the communication.

a. If the communication is a telephone call or similar audio communication, a copy of the script and, if the communication is recorded, the recording must be provided.

b. If the communication is audio or video, a copy of the script and an audio or video file must be provided.

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

D. ~~Exemption for Regularly Published Newsletters.~~ For purposes of the notification required in Subsection A, payments by an organization for its regularly published newsletter or periodical, if the circulation is limited to the organization's members, employees, shareholders, other affiliated individuals and those who request or purchase the publication, shall not be required to be reported.

EF. ~~Copies of Communications — Delivery to the City Ethics Commission and Disclosure of Communications.~~ Any committee, including but not limited to a candidate controlled committee and an independent expenditure committee, that makes or incurs payments for 1,000 or more recorded telephone calls or any other forms of electronic or facsimile transmission of substantially similar content, or that makes or incurs expenditures of \$1,000 or more for a radio or television advertisement, in support of or opposition to any candidate(s) for elective City office, shall send a copy of the script or recording used for each communication to the Ethics Commission within 24 hours of the first time the calls, transmissions, or advertisements are made or aired. All copies of independent expenditure communications that must be filed with the Ethics Commission must be posted on the Ethics Commission's website without alteration. The Ethics Commission may not judge, comment upon, or edit the contents of an independent expenditure communication.

#### SEC. 49.7.32

#### Disclosure of Campaign, Officeholder, and Legal Defense Communications

A. A person who makes a campaign, officeholder, or legal defense communication must file a copy of the communication with the Ethics Commission within 24 hours of doing any of the following for the communication:

1. Making or incurring expenditures of \$1,000 or more.

2. Distributing an audio, video, written, or electronic communication to 200 or more persons, without regard to cost.

- B. If the campaign, officeholder, or legal defense communication is a telephone call or similar audio communication, a copy of the script and, if the communication is recorded, the recording must be provided.
- C. If the campaign, officeholder, or legal defense communication is audio or video, a copy of the script and an audio or video file must be provided.
- D. All copies of campaign, officeholder, and legal defense communications that must be filed with the Ethics Commission must be posted on the Ethics Commission's website without alteration. The Ethics Commission may not judge, comment upon, or edit the contents of a communication.

**SEC. 49.7.27** —

**Behested Expenditures**

**A. ~~Behested expenditures defined; effect of behested expenditures.~~**

- ~~1. An expenditure behested by a candidate or candidate's controlled committee is not an independent expenditure and shall be treated as a contribution to the candidate or committee that behests the expenditure.~~
- ~~2. A payment is behested if it is made:
 
  - ~~(a) at the request or suggestion of the candidate, committee, or the candidate or committee's agent;~~
  - ~~(b) in concert with, with the cooperation of, or in consultation with, the candidate, committee, or the candidate or committee's agent; or~~
  - ~~(c) made under any arrangement, coordination, or direction between the candidate, committee, or the candidate or committee's agent.~~~~
- ~~3. An expenditure is behested without limitation under the following circumstances:
 
  - ~~(a) active involvement or participation by a candidate in the creation or design of a communication financed by the spender, including consultation between the spender and the candidate about content;~~
  - ~~(b) solicitation by the spender and/or provision by the candidate of materials specifically for use in the communication or procuring candidate's consent to include specific materials in the communication; or~~
  - ~~(c) arranging with the candidate for preparation of any materials used in the communication.~~~~

**B. ~~Presumption.~~** ~~There is a rebuttable presumption that an expenditure is behested, and therefore not independent, if:~~

- ~~1. it is made by or through any agent of the affected candidate or member of the candidate's controlled committee in the course of his/her involvement in the current campaign;~~
- ~~2. in the election cycle during which the expenditure is made, both the spender or the spender's agent and the candidate on whose behalf the expenditure is made retain the same individual or entity to provide non-ministerial, campaign-related professional services (non-ministerial, campaign-related professional services include, but are not limited to: polling or other campaign research, media consulting or production, direct mail consultation, and fundraising);~~
- ~~3. the expenditure finances a communication that replicates, reproduces, republishes, distributes, or disseminates, in whole or substantial part, a broadcast, written, graphic, or other form of campaign material designed, produced, paid for, or distributed by the affected candidate, his or her committee, or agent;~~
- ~~4. the expenditure is based on information
 
  - ~~(i)a. about a candidate's campaign plans, projects, or needs not generally available to the public; or~~
  - ~~(ii)b. provided directly or indirectly by that candidate, committee, or their agents to the spender or spender's agent, with an express or tacit understanding that the expenditure was being considered;~~~~
- ~~5. the spender or spender's agent discusses or negotiates the content, timing, location, mode, intended audience, volume of distribution, or frequency of placement of a communication financed by the spender with the candidate whose election or nomination is advocated by the spender or whose opponent's defeat is advocated by the spender;~~
- ~~6. in the election cycle during which the expenditure is made, the spender or spender's agent is serving or has served in a formal executive, policy-making, or advisory position with the candidate's campaign or has participated in strategic or policy-making discussions with the candidate's campaign relating to that candidate's pursuit of nomination or election to office, and the candidate is pursuing the same office as a candidate whose nomination or election the expenditure is intended to influence;~~
- ~~7. the expenditure is made after a request to the spender or spender's agent by the candidate, the candidate's controlled committee, or their agents for an expenditure on the candidate's behalf; or~~
- ~~8. the expenditure is made in connection with or as a consequence of fundraising events or campaign activities co-sponsored by the candidate and the spender or the spender's agent.~~

**C. Exceptions.** ~~An expenditure will not be deemed behested merely when:~~

- ~~1. a spender or spender's agent interviews a candidate on legislative or policy positions or issues affecting the spender or discusses campaign-related issues with the candidate, such as platforms, polling information, which organizations support the candidate and~~

~~which support his/her opponent, or the identity of the consultants the candidate plans to hire, provided that prior to making a subsequent expenditure based on that information, the spender or his agent has not communicated with the candidate, candidate's controlled committee, or their agents concerning the expenditure;~~

- ~~2. the spender solicits and/or obtains a photograph, biography, position paper, press release, or similar material from the candidate, candidate's controlled committee, or their agents and, without the prior knowledge, control, or involvement of the candidate, candidate's controlled committee, or their agents, subsequently utilizes or incorporates that information to create a communication in support of the candidate or in opposition to his or her opponent;~~
- ~~3. the spender made prior contributions to the candidate;~~
- ~~4. the spender communicates to the candidate, the candidate's controlled committee, or the agent of either, the intent to make an independent expenditure without discussing any of the items mentioned in Subparagraph B 5 of this section;~~
- ~~5. a member of an organization that makes an expenditure renders volunteer personal services to or works for the affected candidate's campaign, unless the volunteer or campaign worker was also involved in the activities of the spender organization's political action committee or makes payments on behalf of the spender organization, or is serving or has served the affected candidates' campaign in one of the capacities described in Subparagraph B.6 of this section;~~
- ~~6. the expenditure was made in response to an unsolicited request from political party leaders or their agents that the committee "support" the candidate or make an expenditure relating to the candidate;~~
- ~~7. the expenditure finances the cost of preparing or disseminating candidate evaluations to voters or conducting a political survey; or~~
- ~~8. the spender employs or is under contract with a political consultant or pollster who rendered services to a candidate in prior years.~~

#### **SEC. 49.7.2833**

#### **Disclaimers on Campaign Political Communications**

A. ~~Any candidate or committee that pays for a campaign, officeholder, or legal defense communication shall print, display or must incorporate the following words anywhere within the communication statements:~~

- ~~1. "Paid for by" immediately followed by the name, address, and city of that candidate or committee.~~
  - ~~a. If the sender of a mass mailing communication is made by a controlled committee, the name of the person controlling the committee shall must also be included.~~

b. ~~If an acronym is used to specify a committee name, the full name of any sponsoring organization of the committee shall must also be included in the campaign communication disclaimer required by this section.~~

2. ~~"Additional information is available at ethics.lacity.org."~~

**B. ~~Additional Requirements For Campaign Communications Funded By Independent Expenditures.~~** ~~An independent expenditure communication under Section 49.7.31(A) must incorporate the following statements.~~

1. ~~"Paid for by" immediately followed by the person's name, address, and city. If an acronym is used to specify a committee name, the full name of the sponsoring committee must also be included.~~

2. ~~Campaign communications funded by an independent expenditure supporting or opposing City candidates shall include the phrase "Not authorized by or coordinated with a City candidate;."~~

3. ~~and shall also include the name of any contributor of \$25,000 or more to a committee funding the independent expenditure in the six months prior to the date of that payment in the phrase "Major Funding Provided by [Names of the two contributor(s) who gave the most to the committee in the six months prior to the date of the payment for the independent expenditure], in the amount of [the total amount of contributions made by those contributors in the same six-month period]." Payments of \$25,000 or more that are earmarked for any other candidate or ballot measure outside of the City of Los Angeles need not be disclosed.~~

24. ~~Campaign communications funded by an independent expenditure supporting or opposing City measures shall include the name of any contributor of \$25,000 or more to a committee funding the independent expenditure in the six months prior to the date of that payment in the phrase "Major Funding Provided by [Name of Contributor(s)]." Payments of \$25,000 or more that are earmarked for any other candidate or ballot measure outside of the City of Los Angeles need not be disclosed.~~ "Additional information is available at ethics.lacity.org."

**C.** ~~An independent expenditure communication under Section 49.7.31(B) must incorporate the following statements:~~

1. ~~"Not authorized by or coordinated with a City candidate."~~

2. ~~"Additional information is available at ethics.lacity.org."~~

**CD.** ~~The disclosures required by this section shall.~~ All disclaimers must be presented in a clear and conspicuous manner to give the reader, observer, or listener adequate notice, as specified below. Minimum requirements are specified below.

1. ~~For printed campaign written communications that measure no more than up to twenty-four 24 inches by thirty-six 36 inches, all disclosure statements required by this section disclaimers shall be printed using a typeface that is easily legible to an average reader or viewer, but and is not less than 12-point type in contrasting a color to that contrasts with the background on which it appears.~~

2. For oversize printed campaign-written communications larger than 24 inches by 36 inches, all disclosure statements the total height of the disclaimer shall constitute at least five percent of the total height of the material communication, be printed using a typeface that is easily legible to an average reader, and be printed in contrasting a color that contrasts with the background on which it appears.
23. For video broadcasts including television, satellite and cable campaign communications, the information disclaimer shall be both written in a typeface that is easily legible to an average reader, in a color that contrasts with the background on which it appears, and must appear for at least four seconds and spoken either at either the beginning or at the end of the communication, except that. A spoken disclaimer is also required if the disclosure statement is written disclaimer does not appear for at least five seconds of a broadcast of communication that is thirty-30 seconds or less or for at least ten seconds of a sixty-second broadcast, a spoken disclosure statement is not required communication that is longer than 30 seconds. The written disclosure statement shall be of sufficient size to be readily legible to an average viewer and air for not less than four seconds A spoken disclaimer must be clearly audible and spoken at the same speed and volume as the rest of the communication.
34. For audio, telephone call or radio advertisement campaign communications, the disclosures-disclaimers shall be spoken in a clearly audible manner at the same speed and volume as the rest of the telephone call or radio advertisement at either the beginning or end of the communication. The disclaimers shall be spoken at the same speed and volume as the rest of the communication and shall last at least three-five seconds. The requirement of Subsection A shall be satisfied by using the words "on behalf of" immediately followed by the name of the candidate or committee that pays for the communications.

DE. For purposes of this section, "campaign communication" means any of the following items: Disclaimers are required for all political communications that must be disclosed under Section 49.7.31 or 49.7.32, with the following exceptions.

1. Small promotional items, such as pens, pencils, mugs, and potholders, and other items on which a disclaimer cannot be reasonably displayed in an easily legible typeface.
2. Advertisements paid for by a newspaper, radio station, television station, or other recognized news medium, unless the disclaimer is required for a paid communication under Section 49.7.34.
1. More than 200 substantially similar pieces of campaign literature distributed within a calendar month, including but not limited to mailers, flyers, facsimiles, pamphlets, door hangers, e-mails, campaign buttons 10 inches in diameter or larger, and bumper stickers 60 square inches or larger;
2. Posters, yard or street signs, billboards, supergraphic signs and similar items;
3. Television, cable, satellite and radio broadcasts;
4. Newspaper, magazine, internet website banners and similar advertisements;

~~5. 200 or more substantially similar live or recorded telephone calls made within a calendar month.~~

~~E. For purposes of this section, "campaign communication" does not include: small promotional items such as pens, pencils, clothing, mugs, potholders, skywriting or other items on which the statement required by this section can not be reasonably printed or displayed in an easily legible typeface; communications paid for by a newspaper, radio station, television station or other recognized news medium; and communications from an organization to its members other than a communication from a political party to its members.~~

~~F. Campaign Political communications must be amended when a new person qualifies as a disclosable contributor or when the committee's name changes. Broadcast advertisement disclosures must be amended within five calendar business days after a new person qualifies as a disclosable contributor or a committee's name any information in the disclaimer changes. A committee shall be deemed to have complied with this section requirement if, within five business days, the amended advertisement communication is mailed, containing sent to all affected recipients with a request that the advertisement previous communication immediately be replaced, to all affected broadcast stations by overnight mail no later than the fifth day. For printed campaign communications and other material written communications, disclosure information disclaimers must be amended to reflect accurate disclosure information every time an order to reproduce the communication is placed reproduced.~~

#### **SEC. 49.7.34**

##### **Social Media Accounts**

~~A. A candidate or City controlled committee that elects to use social media accounts to communicate regarding the candidate's campaign must include the following statement on each account's home page: "This account is being used for campaign purposes for [name of candidate or committee]."~~

~~1. The statement must be prominent, in a typeface that is easily legible to an average reader and in a color that contrasts with the background on which it appears.~~

~~2. The statement must be displayed from the time the candidate or committee first begins to use the account for campaign purposes until the election for which it is used is over.~~

~~B. An elected City officer may not use a social media account for campaign purposes if the account is used or has been used for City purposes.~~

#### **SEC. 49.7.29**

##### **Determination of Eligibility for Additional Candidate Benefits Based on Declarations of Payments for Independent Expenditure and Uncoordinated Member Communications**

~~Candidate eligibility for additional matching funds provided in Subsections 49.7.22 D.2, D.3, and E. and Section 49.7.14 shall be based solely on reports of payments for independent expenditures or member communications submitted under penalty of perjury to the City Ethics Commission pursuant to Section 49.7.26 of this Code.~~

**SEC. 49.7.3035**

**Bidder Contribution and Fundraising Restrictions**

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

1. **"Awarding Authority"** means the City Council, a City board, commission, authorized employee, or authorized officer, including those who have control of their own special funds but excluding the City Purchasing Agent when acting pursuant to Section 9.1 of the Los Angeles Administrative Code, who makes or enters into a contract for the provision of goods or services of any kind or nature whatsoever to, for, or on behalf of the City. References to the awarding authority shall include references to staff when working on a matter subject to this Article.
2. **"Approval by an elected City office"** means approval of a contract or selection of a pre-qualified list of persons to contract with the City in any of the following circumstances:

- (a). The elected City ~~official~~officer or the elected City ~~official's~~officer's office is the awarding authority;
- (b). The contract involves services provided directly to or under the supervision of the elected City ~~official~~officer; or
- (c). The contract requires approval of the elected City ~~official~~officer or the elected City ~~official's~~officer's office pursuant to City law, executive directive, or City Council action.

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

3. **"Bidder"** means a person who bids on or submits a proposal or other response to a City contract solicitation.
4. **"Contract solicitation"** means a request for proposals, request for bids, request for qualifications, or any other request, whether written or verbal, for purposes of entering into a contract. However, a solicitation does not include a request to enter into a contract that relies on other City agency's competitive process if the prior City contract was subject to the Charter Section 470(c)(12) restrictions and restrictions of this section.
5. **"Contract"** means any agreement, franchise, lease, non-regulatory permit, land use license or easement, or concession, including any agreement for occasional professional or technical personal services, for the performance of any work or service or construction, the provision of any materials, goods, equipment, or supplies, the sale or purchase of property, the making of grants, or the rendering of any service to the

City, including any proprietary department, or to the public where all of the following apply:

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

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

~~6. "Elected City official" means an elective City officer, as that term is defined in Section 49.7.1.1.~~

~~7. "Fundraising event" means an event designed for political fundraising, at which contributions for an elected City official, a candidate for elected City office, or a City controlled committee are solicited, delivered, or made.~~

86. "Principal" means the following with regard to persons who are bidders and subcontractors:

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

97. "Prohibited fundraising" means the following activities:

- (a) Asking the bidder, subcontractor, or an employee, officer, or principal of the bidder or subcontractor to make a contribution;
- (b) Inviting the bidder, subcontractor, or an employee, officer or principal of the bidder or subcontractor to a fundraising event;

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

408. "**Subcontractor**" means a person who is expected to receive at least \$100,000 as a result of performing some or all of a bidder's contract obligations and includes a subtenant where the subtenant is expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of the contractor and is required to pay the contractor at least \$100,000.

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

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

- (a). For unsuccessful bidders, the date the contract is signed or the solicitation is withdrawn or canceled.
- (b). For successful bidders, 12 months after the contract is signed.

2. **Contract Solicitations and Notifications.** Each awarding authority shall include in each contract solicitation the form identified in §subsection B-(3) and a description of the prohibitions and requirements of Charter §section 470(c)(12). The awarding authority shall determine whether the form is complete for responsiveness purposes and electronically submit the form to the City Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission, within ten business days of the bid due date. The awarding authority shall either notify bidders who are not awarded a contract of the date that the contract was signed or the contract solicitation was terminated or withdrawn or notify the bidders how they may obtain or request the date that the contract was signed or the contract solicitation was terminated or withdrawn, unless that information is available on a City website.
  
3. **Disclosure Form.** As provided in §subsection B-(2), every bidder shall file with the awarding authority, at the time the bid or other response is submitted, the following information under oath in a form and format approved by the City Ethics Commission:
  - (a). A description of the contract, including any City reference number associated with it, or if selection is of a pre-qualified list, a short description of the services to be provided, including any City reference number associated with it;
  - (b). The name of the awarding authority;
  - (c). The date the bid or other response was submitted to the awarding authority;
  - (d). The name of the bidder;
  - (e). The address of the bidder;
  - (f). The phone number of the bidder;
  - (g). The names and titles of the bidder's principals;
  - (h). The names of the bidder's subcontractors;
  - (i). The names and titles of each subcontractor's principals; and
  - (j). A certification that the bidder understands, will comply with, and will notify its principals and subcon-tractors of the prohibitions and restrictions in this section and Charter §section 470(c)(12).
  
4. **Requirement to Amend Form.** If the information submitted pursuant to §subsection B-(3) changes after the bid is submitted, the bidder shall amend the form and submit it to the awarding authority within ten business days of the change. The requirement to amend the form applies whenever the prohibitions and restrictions in Charter §section 470(c)(12) apply to the bidder, including after the contract approval for successful bidders. The awarding authority shall electronically submit the form to the City Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission, within 10 business days of receipt.
  
5. **Contract Amendments.** If a contract amendment requires approval by an elected City official-officer and makes the total value of the contract \$100,000, or more for the first

time, the prohibitions and restrictions in Charter ~~§~~section 470(c)(12) apply from the date the awarding authority first discusses the amendment and terminates 12 months after the date the amendment is approved, disapproved, or withdrawn. However, the restrictions in Charter section 470(c)(12) ~~restrictions do not~~ apply to any subsequent amendments if the contract was previously subject to the restrictions and the contractor fulfilled its obligations under the Charter and this section.

- (a)~~).~~ The awarding authority shall notify bidders who were not previously required to submit the form identified in ~~§~~subsection B-(3) of the requirements in this section and Charter ~~§~~section 470(c)(12) at the time the awarding authority first discusses the amendment with the bidder.
- (b)~~).~~ Bidders who were not previously required to submit the form identified in ~~§~~subsection B-(3) shall submit the form within ten business days of the date the awarding authority first discusses the amendment with the bidder. The awarding authority shall electronically submit the form to the City Ethics Commission in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission within 10 business days of receipt.
- (c)~~).~~ This provision does not apply to the exercise of an option that has been previously approved in a written contract.

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

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

- 1. In addition to any other penalties or remedies established by this ~~A~~article, a person who is found to have violated this section or Charter ~~§~~section 470(c)(12) shall not be eligible to bid on or be considered for a contract, extension, or amendment unless the Ethics Commission, as a body, determines that mitigating circumstances exist concerning such violation.
- 2. The Ethics Commission, as a body, shall determine whether mitigating circumstances apply whenever a violation of this section or Charter ~~§~~section 470(c)(12) is determined to have occurred. If the Ethics Commission determines that mitigating circumstances do not exist, the person found to be in violation shall be debarred for the following periods of time after the Ethics Commission's determination:
  - (a)~~).~~ One year for the first violation;
  - (b)~~).~~ Two years for the second violation;
  - (c)~~).~~ Three years for the third violation; and
  - (d)~~).~~ Four years for the fourth and subsequent violations.

3. The Ethics Commission may adopt regulations regarding mitigating circumstances, including what constitutes mitigating circumstances and any other information determined to be necessary.
4. The Ethics Commission staff shall notify all agencies, departments, board and offices of a determination of debarment within 10 business days of the determination. The Ethics Commission's determination regarding debarment is final as to all offices, departments, boards, and agencies and may not be waived.
5. If an awarding authority has an existing contract with a person who is identified in a debarment notice from the Ethics Commission staff, the awarding authority shall determine in writing and, if the awarding authority is a City board, commission, or City Council, at a public meeting whether it is the best interests of the City to terminate the contract.
6. An awarding authority shall not determine whether a violation of this Article or any other City law regarding campaign financing, lobbying, or governmental ethics has occurred.
7. A person who fails to submit a complete disclosure form as required by this section shall be deemed nonresponsive. However, an awarding authority may award the contract to a bidder who did not submit a complete disclosure form under the following circumstances:
  - (a) The contract is a sole source contract for work (as defined in U.S. copyright law) that is protected under an exclusive copyright interest or a subject matter (as defined in U.S. patent law) that is protected by a U.S. patent or a foreign patent that is enforceable in the United States; and
  - (b) Before awarding the contract, the awarding authority does the following:
    - i. Makes a written finding that entering into the contract is in the best interests of the City; and
    - ii. Notifies the contractor that the contractor, subcontractor, and principals that, notwithstanding the failure to complete the disclosure form, they are not relieved of their obligations to comply with the requirements of the Charter and this section or the penalties that may result from failing to comply with those requirements.

**SEC. 49.7.3436**

**Underwriter Contribution and Fundraising Restrictions.**

A. **Definitions.** For purposes of Charter §section 609(e), the definitions of awarding authority, elected City official, and fundraising event as provided in Section 49.7.305(A) applies. The following definitions also apply:

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

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

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

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

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

1. **Timing of Fundraising and Contribution Restrictions.** In addition to the restrictions provided in Charter Ssection 609(e), underwriting firms, subcontractors, and principals may not make any contributions to or engage in prohibited fundraising for elected City

officials/officers, candidates for elected City office, or City controlled committees from the date a response is submitted to a solicitation to be included on a pre-qualified list of underwriters or any subsequent solicitation for selection of an underwriter until one of the following dates:

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

2. **Contract Solicitations and Notifications.** Each awarding authority shall include in each contract solicitation for underwriting firm services regarding a noncompetitive sale for revenue bonds, including selection of a pre-qualified list of underwriters, the form identified in §subsection B.(3) and a description of the prohibitions and requirements in the City Charter §section 609(e) and this section. The awarding authority shall determine whether the form is complete for responsiveness purposes and shall electronically submit the form to the City Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission, within 10 business days of the due date of the proposals. The awarding authority shall notify each underwriting firm that is not selected as pre-qualified underwriter or not selected as the underwriter on a particular noncompetitive sale of revenue bonds, the date the selection was made, terminated, or withdrawn, unless that information is available on a City website.

3. **Disclosure Form.** Every underwriting firm seeking to provide services regarding noncompetitive sales of revenue bonds under Charter §section 609(e) shall file with the awarding authority, at the time the response is submitted, the following information under oath in a form and format approved by the City Ethics Commission:

- (a). A description of the contract, including any City reference number associated with it, or if selection is of a pre-qualified list, a short description of the services to be provided, including any City reference number associated with it;
- (b). The name of the awarding authority;
- (c). The date the bid or other response was submitted to the awarding authority;
- (d). The name of the underwriting firm;
- (e). The address of the underwriting firm;

- (f). The phone number of the underwriting firm;
- (g). The names and titles of the underwriting firm's principals;
- (h). The names of the underwriting firm's subcontractors;
- (i). The names and titles of each subcontractor's principals; and *[sic]*
- (j). A certification that the underwriting firm understands, will comply with, and will notify its principals and subcontractors of the prohibitions and restrictions in this section and Charter §section 609(e).
- (k). A certification that the underwriting firm and its principals have not made prohibited gifts or contributions during the 12 months prior to selection for a contract, unless the matter is only a selection of a pre-qualified list of underwriters.

4. **Requirement to Amend Form.** If the information submitted pursuant to §subsection B-(3) changes after the response is submitted, the underwriting firm shall amend the form and submit it to the awarding authority within ten business days of the change. The requirement to amend the form applies whenever the prohibitions and restrictions in Charter §section 609(e) apply to the underwriting firm, including after the contract approval for underwriting firms that are selected or are performing underwriting service as a member of a syndicate on the revenue bond sale. The awarding authority shall electronically submit the form to the City Ethics Commission, in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission, within 10 business days of receipt.

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

6. **Violations and Debarment.** The provisions of Section 49.7.305(C) shall also apply to violations of this section and Charter §section 609(e).

**SEC. 49.7.3237**  
**Recordkeeping**

All pPersons subject to this Article shall must keep records that demonstrate compliance with this Article and the related Charter provisions for four years.

~~SEC. 49.7.33~~

~~Certain Provisions of Charter Section 470 Maintained~~

~~The provisions of Charter Section 470 (Limitations on Campaign Contributions in City Elections) are not superseded by this article.~~

~~SEC. 49.7.3438~~

~~Enforcement~~

~~A. Criminal Enforcement.~~

- ~~1. Any person who knowingly or willfully violates any provision of this Article is guilty of a misdemeanor. Any person who knowingly or willfully causes any other person to violate any provision of this Article, or who aids and abets any other person in the violation of any provision of this Article, shall be is liable under the provisions of this section.~~
- ~~2. Prosecution of a violation of any provision of the Article shall must be commenced within four years after the date of the violation.~~
- ~~3. No A person convicted of a misdemeanor under this Article shall may not act as a City lobbyist or as a City contractor for a period of four years following the date of the conviction, unless the court at the time of sentencing specifically determines at the time of sentencing that this provision shall should not be applicable applied. For purposes of this subsection, a plea of *nolo contendere* is a conviction.~~
- ~~4. For the purposes of this section, a plea of *nolo contendere* shall be deemed a conviction.~~

~~B. Civil Actions.~~

- ~~1. Any person who intentionally or negligently violates any provision of this Article shall be is liable in a civil action brought by the City Attorney, the City Ethics Commission, or by any person residing within the City for an. The amount of liability may not more exceed the greater of \$5,000 per violation, or for more than three times the amount the person failed to properly report properly or unlawfully contributed, expended, gave, or received.~~
- ~~2. If two or more persons are responsible for any violation, they shall be are jointly and severally liable.~~
- ~~3. Any person, other than the City Attorney, bBefore filing a civil action pursuant to this subsection, shall a person other than the City Attorney must first file with the City Ethics Commission a written request for the Ethics Commission to commence the an action. The request shall must contain a statement of the grounds for believing a cause of action exists. The Ethics Commission shall must respond within 40 days after receipt of receiving the request and indicating whether it intends to file a civil action. If the Commission indicates in the affirmative and files an action within forty 40 days thereafter after the response, no other action may be brought unless the action brought by the Ethics Commission is dismissed without prejudice.~~

4. In determining the amount of liability, the court may take into account the seriousness of the violation and the degree of culpability of the defendant. If a judgment is entered against the defendant or defendants in an action, a private plaintiff shall receive  ~~fifty~~ 50 percent (50%) of the amount recovered. The remaining  ~~fifty~~ 50 percent shall be deposited into the City's General Fund. In an action brought by the City Attorney or the Ethics Commission, the entire amount shall be paid to the City's General Fund.
  5. ~~No~~ An action alleging a violation of this Article may not be filed more than four years after the date the violation occurred.
- C. **Injunctive Relief.** Any person residing within the City, ~~of Los Angeles~~ including the City Attorney, may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this article.
- D. **Costs of Litigation.** ~~In a civil action,~~ the court may award to a prevailing party, other than an agency, ~~who prevails in any civil action authorized by this Article, his or her~~ the party's costs of litigation, including reasonable attorneys' fees. If the costs or fees are awarded against the City, the payment of such ~~the~~ award shall be ~~is~~ the responsibility of the City, subject to City Council approval.
- E. ~~No civil action alleging a violation of this Article shall be filed more than four years after the date of the violation~~ **Administrative Penalties.** The Ethics Commission may impose penalties and issue orders for violations of this article pursuant to its authority under Charter section 706(c).
- F. **Liability.**
1. In addition to a committee itself, persons who qualify under the Political Reform Act as principle officers of the committee are jointly and severally liable for violations by the committee. For City committees controlled by a candidate for elected City office, the candidate and the committee treasurer are deemed to be principle officer.
  2. In addition to a person whose conduct is required or prohibited under this article, an agent acting on behalf of that person is jointly and severally liable for a violation that arises out of the agent's actions. There is a rebuttable presumption that the following persons are agents of a committee:
    - a. A current or former officer of the committee;
    - b. An employee of the committee;
    - c. A person who has received compensation or reimbursement from the committee;  
and
    - d. A person who holds or has held a position within the committee organization that reasonably appears to be able to authorize expenditures for committee activities.

**SEC. 49.7.3539**  
**Late Filing Penalties**

~~In addition to any other penalties, any person who files an original statement or report after any deadline imposed by this Article, he or she shall, in addition to any other penalties or remedies established by this Article, be is liable to the City Ethics Commission in the amount of \$twenty five 25 dollars (\$25) per day after the deadline until the statement or report is filed, up to a maximum of \$500. Liability need not be enforced by the Ethics Commission if on an impartial basis its Executive Officer determines that the late filing was not willful and that enforcement of the liability will not further the purposes of the Article, except that no- Liability shall may not be waived if a statement or report is not filed within 30 days after receiving notice from the Ethics Commission staff that the statement or report is due.~~

**SEC. 49.7.3640**  
**Severability**

~~The provisions of this article are severable. If any provision of this ordinancearticle, or its application to any person or circumstances, is held invalid by any court, the remainder of this article or and the application of the provision to other persons or circumstances other than those as to which it is held invalid, shall is not be affected by that determination, to the extent that the provision or its application can be given effect, and to this extent the provisions of this ordinance are declared to be severable.~~

## Administrative Code Division 24

### CHAPTER 1. CITY ETHICS COMMISSION

SEC. 24.11  
Filings.

SEC. 24.1.12  
Opinions and Written Advice

~~SEC. 24.1.2  
Investigations Pursuant to Charter Sections 470, 702 and 706, and Enforcement Proceedings Pursuant to Charter Section 706.~~

SEC. 24.1.3  
Executive Officer – Annual Performance Reviews/Termination.

### CHAPTER 2. DISCLOSURE OF ECONOMIC INTERESTS INVESTIGATIONS AND ENFORCEMENT

~~SEC. 24.2  
Statements Filed Pursuant to Los Angeles Municipal Code Section 49.5.6.~~

~~SEC. 24.3  
Designation of Positions with City-wide Responsibility for Purposes of Los Angeles Municipal Code Section 49.5.6.~~

SEC. 24.21  
Investigation and Enforcement Procedures

### CHAPTER 3. PUBLIC MATCHING FUNDS

SEC. 24.531  
Procedural Regulations for Administering the Public Matching Funds Program

- (a) **Scope.** This section ~~chapter~~ sets forth the procedural requirements of the Los Angeles City Public Matching Funds Program.
- (b) **Definitions.** The following terms used in this section and in Los Angeles Municipal Code Sections 49.7.1, *et seq.*, are defined below. Except as provided below, the interpretation of these regulations is governed by the definitions and provisions of the Political Reform Act of 1974, as amended; the regulations of the Fair Political Practices Commission; Los Angeles City Charter Sections 470, 471, and 609(e); and Los Angeles Municipal Code Sections 49.7.1, *et seq.* govern the interpretation of these regulations.

- (1) **“Authorized Agent”** means any individual named on a written and signed list of individuals submitted by the candidate who are to receive contributions and make expenditures may receive matching funds payments on behalf of a participating

candidate. The participating candidate must sign the list and submitted it to the Ethics Commission.

(2) "Charter" means the Los Angeles City Charter.

~~"Commission" means the City Ethics Commission or the staff of the Ethics Commission acting on the Commission's behalf.~~

(3) "Controlled Committee" means the campaign committee that is authorized by a participating candidate on that candidate's Statement of Organization (California Fair Political Practices Commission Form 410) to receive contributions and make expenditures in connection with that candidate's campaign for the elected City office that is specified on the candidate's current Declaration of Intent to Solicit and Receive Contributions.

(4) "Debate" means a discussion between two or more candidates who have qualified to appear on a ballot for an elected City office that is moderated by an independent third party and that is attended by the public.

(5) "Elected City office" means the office of City Council member, City Attorney, Controller, or Mayor.

(6) "Fund" means the Los Angeles City Public Matching Campaign Funds Trust Fund.

(7) "General Election" means the City's general municipal regular or special runoff general municipal election for elected City office.

~~"Matchable Contributions" means campaign contributions received by a candidate who has qualified for public matching funds that are eligible to be matched with public matching funds.~~

(8) "Municipal Code" means the Los Angeles Municipal Code.

(9) "Non-participating candidate" means a candidate for elected City office who has declined to participate in the program.

(10) "Participating candidate" means a candidate who has filed a Statement of Acceptance or Rejection of Matching Funds stating his or her intent to participate in the Matching Funds Program and who has met all eligibility requirements to receive public matching funds for elected City office who has agreed to participate in the program and is not a write-in candidate.

(11) "Primary Election" means the City's primary nominating election and any a regular or special primary nominating election for elected City office.

(12) "Program" means the City's public matching funds program.

~~"Controlled Campaign Committee" means the campaign committee, authorized by the candidate on that candidate's Statement of Organization (California Fair Political Practices Commission Form 410), for the purpose of receiving contributions and making expenditures in connection with that candidate's election to the office specified on his or her current Declaration of Intent to Receive and Solicit Contributions.~~

~~“Statement of Acceptance or Rejection of Matching Funds” means the statement filed by a candidate with the Ethics Commission stating that candidate’s intention to participate or decline participation in the City’s public matching funds program.~~

~~“Surplus Public Funds” means, for a participant who received public matching funds, the amount of unspent public matching funds after the candidate has withdrawn his or her candidacy, or after an election and after expenditures incurred in that election have been paid, which surplus funds are to be repaid to the Matching Campaign Funds Trust Fund.~~

~~“Qualified Campaign Expenditure” means the following:~~

- ~~(1) Any expenditure made by a candidate for elective City office, or by a committee controlled by that candidate, for the purpose of influencing or attempting to influence the action of the voters for or against the election of any City candidate;~~
- ~~(2) A non-monetary contribution provided at the request of or with the approval of the candidate, officeholder, or committee controlled by the candidate or officeholder;~~
- ~~(3) “Qualified campaign expenditure” does not include any payment if it is clear from the surrounding circumstances that it was not made in any part for political purposes.~~

(13) “Qualified Contribution” means a contribution that may be matched with public funds because it meets all of the following criteria:

(A) The contribution is lawful under state and City law.

(B) The contribution was received by a participating candidate.

(C) The contribution was not received from the participating candidate or the participating candidate’s immediate family.

(D) The contribution was received from an individual. Beginning with the 2015 regular elections, the contribution was received from an individual residing within the City.

(E) The contribution is monetary and is not a loan or pledge.

(F) The contribution was received no later than three months after the date of the election and no earlier than the following dates:

(i) For regular primary elections, 12 months prior to the date of the election.

(ii) For special primary elections, the later of 12 months prior to the date of the election or the date the candidate filed a Declaration of Intent to Solicit and Receive Contributions.

(iii) For general elections, the date on which the candidate was permitted to begin soliciting and accepting contributions.

(14) "Surplus Matching Funds" means the amount of unspent matching funds after the participating candidate has withdrawn candidacy or after the election has occurred and the qualified campaign expenditures incurred in that election have been paid.

(15) "Treasurer" means the treasurer of the identified on a participating candidate's Statement of Understanding and on the candidate's Organization (California Fair Political Practices Commission Statement of Organization Form 410).

(c) Filings. A person required by this chapter to file a document or other item with the Ethics Commission must do so in a method prescribed and published by the Ethics Commission staff.

**SEC. 24.32**

**Accepting and Qualifying For Matching Funds**

**(ea) Statement of Acceptance or Rejection of Matching Funds.**

(1) Regardless of whether a candidate elects to accept public matching funds, eEach candidate for elected City office must submit a Statement of Acceptance or Rejection of Matching Funds, as (required by Los Angeles Municipal Code Section 49.7.1822) at the same time that the candidate files his or her a Declaration of Intention to Become a Candidate pursuant to (required by City Elections Code Section 3201).

(A) A candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds at the required time may not be a participating candidate.

(B) A candidate who initially agrees to participate in the program may thereafter decline to participate by providing written notice to that effect no later than 5:00 p.m. on the fifth business day after the final date to file the Declaration of Intention to Become a Candidate.

(2) Each candidate must provide tThe following information on his or her must be provided in every Statement of Acceptance or Rejection of Matching Funds:

(A) tThe candidate's name, business and an address, and telephone number at which the candidate can be reached during regular business hours;

(B) tThe elected City office the candidate is seeking;

(C) tThe election for which the statement is filed;

(D) wWhether or not the candidate elects to accept public matching funds.;

(E) A statement that the candidate understands that the acceptance or rejection of matching funds is effective for both the primary election and the general election.

(F) The candidate's verification under penalty of perjury; and

(G) The candidate's signature.

- ~~(2) Each candidate who elects to decline matching funds shall certify on his or her Statement of Acceptance or Rejection of Matching Funds that he or she understands that his or her rejection is effective for both the primary nominating and general municipal elections.~~
- (33) Each Participating candidates who elects to accept matching funds must also also certify the following on his or her the Statement of Acceptance or Rejection of Matching Funds:
- (A) ~~that he or she~~ The candidate understands the requirements set forth in the City's Campaign Finance Ordinance (Los Angeles Municipal Code Sections 49.7.1, *et seq.*) and understands that those requirements must be satisfied before the candidate may receive public funds; ~~and~~
  - (B) ~~that he or she~~ The candidate agrees to participate in at least one debate with his or her opponent(s) in the primary election and at least two debates with his or her the opponent in the general election, if applicable; and
  - (C) ~~that~~ The candidate has not made and agrees will not to make any expenditures in excess of the expenditure limits of Los Angeles ceilings in Municipal Code Section 49.7.1324, unless those limits have been lifted as provided in Los Angeles under Municipal Code Section 49.7.1425; and
  - (D) ~~that~~ The candidate has not used and agrees will not to use any personal funds for the election in excess of the applicable limits of Los Angeles in Municipal Code Section 49.7.19 A 23(C)(4); and
  - (E) ~~that his or her~~ The candidate understands that the acceptance of matching funds is effective for both the primary nominating and general municipal elections; and
  - (F) ~~that if~~ The candidate chooses to understands that, if another candidate for the same office declines to participate in the program, the candidate may withdraw from participation in the matching funds program, he or she must do so within seven up to five business days after the final filing date for filing a Declaration of Intention to Become a Candidate and only if another candidate for the same office rejects matching funds.
- ~~(4) Each Statement of Acceptance or Rejection must be signed by the candidate and verified under penalty of perjury.~~
- ~~(5) Any candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds at the time that candidate files his or her Statement of Declaration of Intent to Become a Candidate may not participate in the Matching Funds Program.~~
- ~~(6) Any candidate who files a statement electing to receive public matching funds and who then elects to decline matching funds within seven days after the final filing date for filing a Declaration of Intent to Become a Candidate must provide a written notice to that effect. That notice shall be signed by the candidate and received by the Commission by 5:00 p.m. of the last day to withdraw from participation in the matching funds program.~~

**(db) Commission-Determination of EligibilityQualification.**

- (1) A participating candidate must meet all qualification requirements in this chapter and Municipal Code sections 49.7.1 et seq. in order to receive matching funds.
- (2) A participating candidate must file a request for qualification with the Ethics Commission.
  - (A) The request must include the same information as a matching funds claim under section 24.34(a), with the date of the request substituted for the date of the claim and the total amount of qualifying contributions substituted for the total amount of matching funds claimed.
  - (B) The request must be filed with the Ethics Commission prior to the date of the primary election. For candidates who do not qualify for to receive matching funds in the primary election and proceed to the general election, the request must be filed prior to the date of the general election.
  - (C) Beginning with the 2015 regular City elections, the request must identify at least 200 contributions that comply with the requirements in Municipal Code section 49.7.23(C)(1)(e), and the participating candidate and treasurer must certify that, to the best of their knowledge and belief, the identified contributions comply with the requirements.
  - (D) Beginning with the 2015 regular City elections, this request and the first matching funds claim may be the same document, as long as all required information is provided.
- (3) No payments from the Fund shall be made to a participant unless the Ethics Commission staff has ~~must~~ determined that the whether a participating candidate has met all eligibility qualification requirements contained in Los Angeles Municipal Code Section 49.7.1, et seq. and these regulations within three business days after receiving a request.
- (2) The Ethics Commission staff will notify the participant as to whether or not it ~~determines that~~ participating candidate of the determination in writing, the candidate is eligible to receive public matching funds. ~~Such and the notice shall must~~ be signed by the Executive Officer or by another Commission staff member authorized by the Executive Officer's designee to do so.
- (4) If Ethics Commission staff determine that a participating candidate is not qualified to receive matching funds, the participating candidate may do either of the following:
  - (A) Resubmit a request for qualification; or
  - (B) Submit a written request for review to the Executive Officer. The request must be submitted within five business days of receiving notice of the determination but may not be submitted after the election. The request must specify the reasons the participating candidate believes that the qualification requirements have been met. The Executive Officer will

conduct a review and issue a determination within five business days of receiving the request and may extend that response time for good cause.

**(ec) Participant Qualification For Ballot.**

(1) ~~Any participating candidate who filed a Statement of Acceptance or Rejection of Matching Funds electing to participate in the Matching Funds Program who fails to qualify to have his or her name appear on the ballot or is not eligible to have write-in votes counted, may not receive matching funds.~~

(2) ~~Any matching funds program participant participating candidate who initially qualifies for the ballot but who is later disqualified from the ballot will be suspended from the Matching Funds Program at the time of that disqualification.~~

~~(A) and The candidate will be ineligible to receive additional public matching funds. A disqualified participant will not be eligible to receive matching funds unless and until such time that the participant's disqualification is restored.~~

~~(3B) If a participant is disqualified from the ballot after receiving public matching funds, the participant may not thereafter spend Any public funds in his or her the candidate's possession may not be spent for any purpose other than the payment of to pay for qualified campaign expenditures incurred before the date of that participant's the disqualification. All public funds in excess of such expenditures must be repaid to the Ethics Commission within 10 days of the date of the participant's disqualification.~~

**(f) Payments for an Election.**

~~(1) A participant may submit a matching fund payment request as soon as the total amount claimed reaches \$10,000 or more until fourteen days preceding an election, at which time a participant may submit requests for payments of \$1,000 or more. Payments will be disbursed and available for receipt within three working days after receipt by the Commission. The Commission, however, will issue no matching funds payment to any participant in a primary election any earlier than the day the City Clerk certifies that the candidate's name will appear on the primary nominating ballot or that the candidate has qualified to have write-in votes counted.~~

~~(2) No public matching fund payment will be issued to a participant in a runoff or general election any earlier than the day the City Clerk certifies that the candidate's name will appear on the general election ballot. Upon certification for the general election, each participating candidate will receive one-fifth of the amount of funds specified by Los Angeles Municipal Code Section 49.7.22, not subject to the matching funds requirements detailed in Los Angeles Municipal Code Section 49.7.21.~~

~~(3) No request for public matching funds will be accepted by the Commission any later than three months after an election.~~

~~(4) The Ethics Commission will issue a Matching Funds Payment Authorization Letter with supporting documents to the City Controller's Office certifying the amount of the matching funds payable to a participant. The Controller's Office will issue all~~

such payments through the Paymaster's Office only to Ethics Commission staff. All checks issued pursuant to Authorization letters received by the Controller's Office by 2:00 p.m. on Monday through Friday will be available to Commission staff by noon of the next working day. Checks issued pursuant to Authorization Letters that are received after 2:00 p.m. on Friday will be available for Commission staff by noon on the following Tuesday. Matching fund payments will be disbursed at the Ethics Commission Office after 2:00 p.m. on the day such payments are issued from the Controller's Office.

### SEC. 24.33

#### Allocation of Matching Funds

##### (g) Allocation of Matching Funds.

- (1a) No later than 7 days after the final day to decline participation in the matching funds program, ~~the City Ethics Commission shall~~ members must determine at a public meeting of the Commission whether, based on the number of participating candidates, the amount of money in the Fund is adequate to provide the maximum matching funds to the participants participating candidates.
- (b) For primary elections, the determination must be made within 40 days of the last day to decline to participate in the program. If that determination results in reduced maximum, a second determination must be made at least two weeks before the primary election.
- (c) For general elections, the determination must be made within 40 days after the City Clerk certifies the candidates whose names will appear on the ballot.
- (d) If the Ethics Commission members determines that the Fund may not be adequate to provide maximum matching funds to participating candidates, it will approve a method for disbursing the funds must reduce the maximums on a pro rata basis consistent with the following principles:
- (A1) The Ethics Commission will establish lower maximum amounts of public matching funds available to each participant rather than changing members may not otherwise change the matching funds formula.
- (B2) If the determination is made for a primary election, a portion of the Fund equal to a one-fifth grant for two candidates in each race in which there are participating candidates will must be reserved for disbursement in the general or runoff election.
- (3) In addition, no later than two weeks before the primary election, the City Ethics Commission at a public meeting of the Commission shall review the balance of the Fund. If a second determination is required for a primary election, the Ethics Commission members may adjust its previous estimates and raise the maximum amount of public matching funds available to participants. In no case, however, will but the amount disbursed to the participants maximums may never exceed the maximum amounts established in Los Angeles Municipal Code Section 49.7.22A29.

~~(2) No later than 7 days after the day the City Clerk certifies the candidates whose names will appear on the general election ballot, the City Ethics Commission shall determine at a public meeting of the Commission whether, based on the number of participating candidates, the amount of money in the Fund is adequate to provide the maximum matching funds to the participants. If the Commission determines that the Fund may not be adequate it will approve a method for disbursing the funds on a pro-rata basis consistent with the following principle:~~

~~(A) The Commission will establish lower maximum amounts of public matching funds available to each participant rather than changing the matching funds formula.~~

~~(3e) These actions shall be approved by the Ethics Commission members must take action under this section by resolution and shall not require the adoption of a regulation at public meetings.~~

### **SEC. 24.34**

#### **Matching Funds Payments**

(a) Claim Form. A participating candidate must file a matching funds claim form with the Ethics Commission to receive matching funds. The form must include the following:

(1) The participating candidate's name and an address and telephone number at which the participant may be reached during regular business hours.

(2) The elected City office the participating candidate is seeking.

(3) The election for which the form is filed.

(4) The name and identification number of the participating candidate's controlled committee.

(5) The date of the claim.

(6) The total amount of matching funds claimed.

(7) A list of all contributions for which the participating candidate requests matching funds.

(A) The list must be alphabetical by the names of the contributors.

(B) The following information must be provided for each contribution:

(i) The contributor's name, residence address, occupation, and employer (or, if the contributor is self-employed, the name of the contributor's business);

(ii) The date the contribution was received;

(iii) The amount of the contribution;

- (iv) The cumulative amount of contributions received from that contributor for the same election; and
- (v) The cumulative amount of matching funds already received for the same election based on contributions from that contributor.
- (8) A true and correct copy of documentation that supports each listed contribution. Supporting documentation includes copies of checks, credit card transaction receipts, and cash receipts.
- (9) A certification signed under penalty of perjury by both the participating candidate and the treasurer that, to the best of their knowledge and belief, the form and all supporting documents are true and complete and, beginning with the 2015 regular City elections, all contributions are from City residents.

**(b) Claim Amendments.**

- (1) Matching funds claims and their supporting documentation may be amended.
- (2) In addition to all of the information required for the original claim, amendments must state why the amendment is necessary and must itemize the data that is being amended.
- (3) Ethics Commission staff will review each amendment, to determine whether an adjustment to the participating candidate's matching funds payment is necessary.
  - (A) If an amendment results in a supplementary matching funds payment, it will be processed in the same manner as a payment for an original claim.
  - (B) If an amendment reveals that the participating candidate received excess matching funds, the participating candidate must return the amount of the excess to the Ethics Commission within 10 business days of receiving notice of the overpayment.

**(c) Payment and Claim Windows.**

- (1) Matching funds payments will not be made until the City Clerk certifies that the participating candidate's name will appear on the election ballot. Within five business days of the later of certification for the general election or qualification to receive matching funds, each participating candidate who has qualified to receive matching funds will receive one-fifth of the amount specified in Municipal Code section 49.7.29(B), without being subject to the matching formula specified in Municipal Code section 49.7.27.
- (2) Matching funds claims must be submitted in the following amounts:
  - (A) Until 14 days before an election, claims must identify at least \$10,000 in qualified contributions.
  - (B) From 14 days before an election until three months after an election, claims must identify at least \$1,000 in qualified contributions.

(3) Matching funds claims will not be accepted more than three months after an election.

**(hd) Requesting Matching Funds Payments**Reviewing Claims.

(1) The Ethics Commission staff will ~~must~~ review matching funds claim forms, to determine the amount of qualified contributions and the amount of matching funds that may be paid. ~~and, b~~

(A) Matching funds may not be paid for any portion of a qualified contribution that is returned to or not paid by the contributor.

(B) Based on the staff review, the Executive Officer (or in his or her absence, the Deputy Director) shall ~~Executive Officer's designee~~ must certify the amount of matching funds payable to a ~~participant filing a claim~~ ~~form~~ participating candidate.

(C) Certification must be made within three business days of receiving the claim. If a claim and the request for qualification are permissibly submitted as separate documents, the claim will not be deemed received prior to the date the Ethics Commission staff notifies the participating candidate that the candidate has qualified to receive matching funds.

(D) ~~Copies~~ A copy of each certification shall ~~must~~ be sent ~~provided~~ to the ~~participant~~ participating candidate and to the Controller.

(2) If Ethics Commission staff determine that any portion of a matching funds claim is not payable, the participating candidate may submit a written request for review to the Executive Officer within five business days of receiving notice of the determination. The request must specify the reasons the participating candidate believes that a different amount should be paid. The Executive Officer will conduct a review and issue a determination within five business days of receiving the request and may extend that response time for good cause.

(2e) **Processing Claims.** After certification, matching funds payments will be processed as follows.

(1) Upon certification of the amount of matching funds payable, the Ethics Commission staff will ~~request~~ issue a matching funds payment authorization letter with supporting documents to the Controller's office, certifying the amount of matching funds payable to the participating candidate.

(2) ~~to issue a matching funds payment in the amount certified. Payments will be drawn from the Matching Funds Campaign Trust Fund, and made payable to the participating candidate, and returned to the Commission for distribution.~~

(3) The Controller's office will issue payments for all authorizations that it receives by 2:00 p.m. no later than noon on the second business day after receipt.

(4) The Controller's office will issue payments only to the Ethics Commission staff for distribution.

**(f) Distribution of Payments.**

(1) Matching funds payments will be available for distribution within five business days after the Ethics Commission receives a claim form.

(2) Matching funds payments will be distributed at the Ethics Commission office after 2:00 p.m. on the day the payments are issued by the Controller's office.

(3) The Commission staff will release matching funds payments will be released only to a participating candidate, or to that candidate's treasurer, or an authorized agent displaying proper identification, within three working days after the Commission receives the request for payment as required by Los Angeles Municipal Code Section 49.7.23, set forth in Subsections (f)(1) and (2) above.

(4) Any candidate receiving a public matching funds payment, or any authorized agent receiving such a payment on the candidate's behalf, The recipient must sign a Matching Funds Payment Report on the date which he or she receives that payment. No matching fund payment will be issued without the signature of the candidate or the candidate's authorized agent on the report. Each Matching Funds Payment Report must contain the following information:

(A) The name of the participant participating candidate;

(B) The name of the recipient;

(C) The elected City office the participant participating candidate is seeking;

(D) The date the Ethics Commission received the matching funds payment from the Controller;

(E) The amount of the certified matching funds payment;

(F) the name of the individual receiving the payment;

(G) the signature of the candidate or authorized agent receiving the payment;

(H) The date the individual received the payment; and

(I) a summary of all matching funds payments issued to the participating candidate to date.

**(g) Matching Funds Claim Form.**

(1) To request matching fund payments, a participant in the matching funds program must file a Matching Funds Claim Form with the Commission, containing the following information:

~~(A) the participant's name, business address, and telephone number at which the participant may be reached during regular business hours;~~

~~(B) the office the participant is seeking;~~

~~(C) the election for which the Matching Funds Claim Form is filed;~~

~~(D) the name and identification number of the participant's controlled committee;~~

~~(E) the date of the claim; and~~

~~(F) the total amount of matching funds claimed.~~

~~(2) **Matchable Contributions List.** Each participant must submit with his or her Matching Funds Claim Form the following detailed information regarding each contribution for which the candidate requests public matching funds:~~

~~(A) The list shall be alphabetical by the names of the contributors and shall contain the following for each contribution: the contributor's name, street address, occupation, employer, the date the contribution was received, the amount of the contribution, the cumulative amount of contributions received from the contributor for the same election and the cumulative amount of matching funds already received in the same election based on contributions from the contributor.~~

~~(B) If a contributor is self-employed, the list shall include the name, if any, of the contributor's business.~~

~~(3) The participant must attach to the Matching Funds Claim Form a true and correct copy of each contributor check for which the participant requests matching funds. Participants may, at their discretion, provide copies of checks that omit any contributor information that is not required to be disclosed under Subsection (i)(2) above.~~

~~(4) Both the candidate and treasurer must sign each Matching Fund Claim Form and must verify under penalty of perjury that it and all supporting documents are true and complete to the best of their knowledge, information and belief. The Commission will not accept any unverified claim forms.~~

~~(5) The Commission will not accept illegible matching fund claims or supporting documents. The Commission will not accept any claims or supporting documents that contain information in other than ink.~~

**(kg) Payment Is Not Final Determination.** A matching funds payment of public matching funds does not constitute the Ethics Commission's final determination of the amount for which a participant participating candidate may qualify.

**SEC. 24.35**

**Matching Funds Audits**

~~(m) — Improper Use of Public Matching Funds. The expenditure of public matching funds on other than qualified campaign expenditures shall constitute a misappropriation of these funds and shall constitute a violation of this section.~~

~~(na) Additional Reviews and Post-Payment Audits.~~

~~(1) — The Commission staff's Determinations regarding qualification eligibility by and amounts of payment to participating candidates determinations are subject to post-payment audits and readjustment pursuant to the audit requirements otherwise established in Charter section 702(d) and Los Angeles Administrative Code Section 20.4924.41 of this code.~~

~~(12) Upon amendment of any matching funds claim submitted by a participant, or on additional review by the Commission staff if an audit reveals that additional matching funds may be paid to the participating candidate, the Ethics Commission staff may will notify the participant that he or she qualifies for additional matching funds.~~

~~(32) If an audit reveals that Upon such amendment or additional review, the Commission staff may notify the participant that he or she participating candidate received funds in excess of those eligible to be matched. In any such instance matching funds, the participant participating candidate must refund return the amount of the excess to the Ethics Commission within 10 business days of receiving such notice of the overpayment. If the funds are not returned within 10 business days, or subsequent payments will be reduced by the amount of the overpayment. Candidates who do not refund public funds as may be required are subject to legal action for collection of public matching funds.~~

~~(o) — Matching Fund Claim Amendments.~~

~~(1) — A participant may amend a previously submitted matching fund claim and any supporting documentation that accompanied that claim. The amendment must state the reason why an amendment is necessary and must itemize the data amended.~~

~~(2) — Commission staff will review each amendment to determine whether an adjustment in the matching fund payments to the participant is necessary.~~

~~(3) — Any supplementary matching fund payment that may be necessary pursuant to an amendment will be disbursed within three working days after submission of the amendment and all supporting documentation required by the Commission.~~

~~(4) — The Commission will accept only amended claim forms that conform to the requirements of Subsection (i) of this section.~~

~~(p) — Request for Review. If the Commission staff determines that a candidate is ineligible to receive public matching funds or that any matching funds claimed by a participant are not payable, in whole or in part, the participant may submit to the Commission Executive~~

~~Officer a written request for review of the determination. The request shall set forth in writing the reasons why the candidate believes that he or she is eligible or that a different amount of funds should be paid. The Executive Officer will review the request for payment and issue a determination within two working days.~~

- ~~(b) Statements and forms required or filed for the program are subject to desk and field audits under Charter section 702(d).~~

#### SEC. 24.36

##### Return of Matching Funds

- ~~(a) Repayment of Public Matching Funds.~~

~~(1) The Ethics Commission staff will notify a participant-participating candidate in writing if he or she must repay any public matching funds must be returned.~~

~~(2a) Participants returning public funds may return a full uncashed payment to the City Ethics Commission for deposit into the City's Public Matching Funds Trust Fund. A participant who returns any uncashed portion of a matching funds payment must be returned through make a check payable to the City Ethics Commission for deposit in the City's Public Matching Funds Trust Fund.~~

- ~~(b) Surplus matching funds must be returned within 90 days after the election or, if the participating candidate withdraws from the election, within 10 days after the withdrawal. Other matching funds must be returned within 10 days of receiving notice from the Ethics Commission.~~

~~(3) **Disqualification Due to Fraudulent Acts.** A participant who has been disqualified from the ballot on the grounds that he or she committed fraudulent acts in order to obtain a place on the ballot, must reimburse the Commission in an amount equal to the total public matching funds paid to the participant. Payments required pursuant to this paragraph must be made within 10 days after the participant is disqualified.~~

- ~~(c) Candidates who do not return matching funds as required are subject to legal action for collection of the funds.~~

- ~~(r) **Surplus Public Funds.**~~

~~(1) A participant must pay to the Commission any surplus public matching funds remaining in the participant's possession no later than 30 days after the election or, if the candidate withdraws from the election, no later than 10 days after the participant withdraws his or her candidacy.~~

#### SEC. 24.37

- ~~(s) **Recordkeeping Requirements.**~~

~~(1) Nothing in this section shall be construed to modify any existing requirements otherwise established by law.~~

~~(2) **Audits and Reviews.** Statements and forms filed pursuant to requirements of the Matching Funds Program are subject to desk and field audits by the Commission as authorized under Charter Section 702 (d)~~

~~(3a) **Best Efforts.** The participant Participating candidates must use his or her best efforts to obtain, maintain, and, if requested, submit to the Ethics Commission the all required information and shall keep a complete record of such efforts.~~

~~(1) Participating candidates must keep complete records of all efforts to obtain, maintain, and submit required information.~~

~~(2) With regard to the recordkeeping requirements ~~f~~For receipts, bills, and bank records, the participant will not be considered to have exercised best efforts unless he or she has made require at least one written effort per transaction to obtain the documentation.~~

~~(4b) **Four-Year Retention Period.** The participant Participating candidates must retain all records and documents required to be kept under this chapter, Municipal Code sections 49.7.7 et seq., and California Government Code Ssection 91011 for at least four years after the date of the last election to which the records or documents relate.~~

~~(5c) **Custodian and Location.** A participant Participating candidates must notify the Ethics Commission in writing of any person other than the treasurer who is the a custodian for the participant's participating candidate's records. In addition, the participant must notify the Commission in writing of The notice must include the location of those records and documents and ~~of any~~ must be amended whenever a change of address occurs.~~

#### **SEC. 24.38**

##### **Violations**

~~(a) Matching funds may be spent only for the purpose of influencing or attempting to influence the actions of the voters for or against the election of a City candidate. Using matching funds in other ways is a misappropriation of the funds and violates this chapter.~~

~~(b) **Failure to Comply.** The failure of a participant participating candidate, controlled committee of a participant or campaign, or treasurer to comply with the any provisions of this section, and the failure of such person to provide full and accurate information required by this section, chapter is unlawful, constitutes a violation of this section chapter and is subject to the penalties and remedies set forth in Charter Ssection 706 and Los Angeles Municipal Code Ssection 49.7.348.~~

~~(c) In addition to any penalty, a participating candidate who violates a term or requirement of the program may be required to return all matching funds that the candidate received for the election during which the violation occurred.~~

#### **CHAPTER 4. CAMPAIGN AUDITS AND INVESTIGATIONS**

##### **SEC. 24.641**

##### **Audits and Investigations.**

#### **CHAPTER 5. OFFICEHOLDER CONTROLLED FUNDS**

##### **SEC. 24.1051**

##### **Officeholder Expense Fund.**

## Administrative Code Division 24

### CHAPTER 1. CITY ETHICS COMMISSION

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#### SEC. 24.1.2

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### CHAPTER 2. DISCLOSURE OF ECONOMIC INTERESTS INVESTIGATIONS AND ENFORCEMENT

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#### SEC. 24.21

Investigation and Enforcement Procedures

### CHAPTER 3. PUBLIC MATCHING FUNDS

#### SEC. 24.531

Procedural Regulations for Administering the Public Matching Funds Program

- (a) **Scope.** This section ~~chapter~~ sets forth the procedural requirements of the Los Angeles City Public Matching Funds Program.
- (b) **Definitions.** The following terms used in this section and in Los Angeles Municipal Code Sections 49.7.1, *et seq.*, are defined below. Except as provided below, the interpretation of these regulations is governed by the definitions and provisions of the Political Reform Act of 1974, as amended; the regulations of the Fair Political Practices Commission; Los Angeles City Charter Sections 470, 471, and 609(e); and Los Angeles Municipal Code Sections 49.7.1, *et seq.* govern the interpretation of these regulations.

- (1) **“Authorized Agent”** means any individual named on a written and signed list of individuals submitted by the candidate who are to receive contributions and make expenditures may receive matching funds payments on behalf of a participating

candidate. The participating candidate must sign the list and submitted it to the Ethics Commission.

(2) "Charter" means the Los Angeles City Charter.

"Commission" means the City Ethics Commission or the staff of the Ethics Commission acting on the Commission's behalf.

(3) "Controlled Committee" means the campaign committee that is authorized by a participating candidate on that candidate's Statement of Organization (California Fair Political Practices Commission Form 410) to receive contributions and make expenditures in connection with that candidate's campaign for the elected City office that is specified on the candidate's current Declaration of Intent to Solicit and Receive Contributions.

(4) "Debate" means a discussion between two or more candidates who have qualified to appear on a ballot for an elected City office that is moderated by an independent third party and that is attended by the public.

(5) "Elected City office" means the office of City Council member, City Attorney, Controller, or Mayor.

(6) "Fund" means the Los Angeles City Public Matching Campaign Funds Trust Fund.

(7) "General Election" means the City's general municipal regular or special runoff general municipal election for elected City office.

"Matchable Contributions" means campaign contributions received by a candidate who has qualified for public matching funds that are eligible to be matched with public matching funds.

(8) "Municipal Code" means the Los Angeles Municipal Code.

(9) "Non-participating candidate" means a candidate for elected City office who has declined to participate in the program.

(10) "Participating candidate" means a candidate who has filed a Statement of Acceptance or Rejection of Matching Funds stating his or her intent to participate in the Matching Funds Program and who has met all eligibility requirements to receive public matching funds for elected City office who has agreed to participate in the program and is not a write-in candidate.

(11) "Primary Election" means the City's primary nominating election and any a regular or special primary nominating election for elected City office.

(12) "Program" means the City's public matching funds program.

"Controlled Campaign Committee" means the campaign committee, authorized by the candidate on that candidate's Statement of Organization (California Fair Political Practices Commission Form 410), for the purpose of receiving contributions and making expenditures in connection with that candidate's election to the office specified on his or her current Declaration of Intent to Receive and Solicit Contributions.

~~“Statement of Acceptance or Rejection of Matching Funds” means the statement filed by a candidate with the Ethics Commission stating that candidate’s intention to participate or decline participation in the City’s public matching funds program.~~

~~“Surplus Public Funds” means, for a participant who received public matching funds, the amount of unspent public matching funds after the candidate has withdrawn his or her candidacy, or after an election and after expenditures incurred in that election have been paid, which surplus funds are to be repaid to the Matching Campaign Funds Trust Fund.~~

~~“Qualified Campaign Expenditure” means the following:~~

- ~~(1) Any expenditure made by a candidate for elective City office, or by a committee controlled by that candidate, for the purpose of influencing or attempting to influence the action of the voters for or against the election of any City candidate;~~
- ~~(2) A non-monetary contribution provided at the request of or with the approval of the candidate, officeholder, or committee controlled by the candidate or officeholder;~~
- ~~(3) “Qualified campaign expenditure” does not include any payment if it is clear from the surrounding circumstances that it was not made in any part for political purposes.~~

(13) “Qualified Contribution” means a contribution that may be matched with public funds because it meets all of the following criteria:

(A) The contribution is lawful under state and City law.

(B) The contribution was received by a participating candidate.

(C) The contribution was not received from the participating candidate or the participating candidate’s immediate family.

(D) The contribution was received from an individual. Beginning with the 2015 regular elections, the contribution was received from an individual residing within the City.

(E) The contribution is monetary and is not a loan or pledge.

(F) The contribution was received no later than three months after the date of the election and no earlier than the following dates:

(i) For regular primary elections, 12 months prior to the date of the election.

(ii) For special primary elections, the later of 12 months prior to the date of the election or the date the candidate filed a Declaration of Intent to Solicit and Receive Contributions.

(iii) For general elections, the date on which the candidate was permitted to begin soliciting and accepting contributions.

(14) "Surplus Matching Funds" means the amount of unspent matching funds after the participating candidate has withdrawn candidacy or after the election has occurred and the qualified campaign expenditures incurred in that election have been paid.

(15) "Treasurer" means the treasurer of the identified on a participating candidate's Statement of Understanding and on the candidate's Organization (California Fair Political Practices Commission Statement of Organization Form 410).

(c) Filings. A person required by this chapter to file a document or other item with the Ethics Commission must do so in a method prescribed and published by the Ethics Commission staff.

#### SEC. 24.32

#### Accepting and Qualifying For Matching Funds

#### (ca) Statement of Acceptance or Rejection of Matching Funds.

(1) Regardless of whether a candidate elects to accept public matching funds, eEach candidate for elected City office must submit a Statement of Acceptance or Rejection of Matching Funds, as (required by Los Angeles Municipal Code Section 49.7.1822) at the same time that the candidate files his or her a Declaration of Intention to Become a Candidate pursuant to (required by City Elections Code Section 3201).

(A) A candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds at the required time may not be a participating candidate.

(B) A candidate who initially agrees to participate in the program may thereafter decline to participate by providing written notice to that effect no later than 5:00 p.m. on the fifth business day after the final date to file the Declaration of Intention to Become a Candidate.

(2) Each candidate must provide tThe following information on his or her must be provided in every Statement of Acceptance or Rejection of Matching Funds:

(A) tThe candidate's name, business and an address, and telephone number at which the candidate can be reached during regular business hours;

(B) tThe elected City office the candidate is seeking;

(C) tThe election for which the statement is filed;

(D) wWhether or not the candidate elects to accept public matching funds;

(E) A statement that the candidate understands that the acceptance or rejection of matching funds is effective for both the primary election and the general election.

(F) The candidate's verification under penalty of perjury; and

(G) The candidate's signature.

~~(2) Each candidate who elects to decline matching funds shall certify on his or her Statement of Acceptance or Rejection of Matching Funds that he or she understands that his or her rejection is effective for both the primary nominating and general municipal elections.~~

(33) ~~Each Participating candidates who elects to accept matching funds must also also certify the following on his or her the Statement of Acceptance or Rejection of Matching Funds:~~

(A) ~~that he or she The candidate~~ understands the requirements set forth in the City's Campaign Finance Ordinance (Los Angeles Municipal Code Sections 49.7.1, *et seq.*) and understands that those requirements must be satisfied before the candidate may receive public funds; and

(B) ~~that he or she The candidate~~ agrees to participate in at least one debate with his or her opponent(s) in the primary election and at least two debates with his or her the opponent in the general election, ~~if applicable~~; and

(C) ~~that tThe candidate~~ has not made and agrees will not to make any expenditures in excess of the expenditure limits of Los Angeles ceilings in Municipal Code Ssection 49.7.1324, unless those limits have been lifted as provided in Los Angeles under Municipal Code Ssection 49.7.1425; and

(D) ~~that tThe candidate~~ has not used and agrees will not to use any personal funds for the election in excess of the applicable limits of Los Angeles in Municipal Code Ssection 49.7.19 A-23(C)(4); and

(E) ~~that his or her The candidate~~ understands that the acceptance of matching funds is effective for both the primary nominating and general municipal elections; and

(F) ~~that if tThe candidate chooses to~~ understands that, if another candidate for the same office declines to participate in the program, the candidate may withdraw from participation in the matching funds program, he or she must do so within seven up to five business days after the final filing date for filing a Declaration of Intent to Become a Candidate and only if another candidate for the same office rejects matching funds.

~~(4) Each Statement of Acceptance or Rejection must be signed by the candidate and verified under penalty of perjury.~~

~~(5) Any candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds at the time that candidate files his or her Statement of Declaration of Intent to Become a Candidate may not participate in the Matching Funds Program.~~

~~(6) Any candidate who files a statement electing to receive public matching funds and who then elects to decline matching funds within seven days after the final filing date for filing a Declaration of Intent to Become a Candidate must provide a written notice to that effect. That notice shall be signed by the candidate and received by the Commission by 5:00 p.m. of the last day to withdraw from participation in the matching funds program.~~

(db) Commission-Determination of EligibilityQualification.

- (1) A participating candidate must meet all qualification requirements in this chapter and Municipal Code sections 49.7.1 et seq. in order to receive matching funds.
- (2) A participating candidate must file a request for qualification with the Ethics Commission.
  - (A) The request must include the same information as a matching funds claim under section 24.34(a), with the date of the request substituted for the date of the claim and the total amount of qualifying contributions substituted for the total amount of matching funds claimed.
  - (B) The request must be filed with the Ethics Commission prior to the date of the primary election. For candidates who do not qualify for to receive matching funds in the primary election and proceed to the general election, the request must be filed prior to the date of the general election.
  - (C) Beginning with the 2015 regular City elections, the request must identify at least 200 contributions that comply with the requirements in Municipal Code section 49.7.23(C)(1)(e), and the participating candidate and treasurer must certify that, to the best of their knowledge and belief, the identified contributions comply with the requirements.
  - (D) Beginning with the 2015 regular City elections, this request and the first matching funds claim may be the same document, as long as all required information is provided.
- (3) No payments from the Fund shall be made to a participant unless the Ethics Commission staff has ~~must~~ determined that the ~~whether~~ a participating candidate has met all eligibility-qualification requirements-contained-in-Los Angeles Municipal Code Section 49.7.1, et seq. and these regulations within three business days after receiving a request.
- (2) The Ethics Commission staff will notify the participant as to whether or not it determines that participating candidate of the determination in writing, the candidate is eligible to receive public matching funds. Such- and the notice shall ~~must~~ be signed by the Executive Officer or by another Commission staff member authorized by the Executive Officer's designee to do so.
- (4) If Ethics Commission staff determine that a participating candidate is not qualified to receive matching funds, the participating candidate may do either of the following:
  - (A) Resubmit a request for qualification; or
  - (B) Submit a written request for review to the Executive Officer. The request must be submitted within five business days of receiving notice of the determination but may not be submitted after the election. The request must specify the reasons the participating candidate believes that the qualification requirements have been met. The Executive Officer will

conduct a review and issue a determination within five business days of receiving the request and may extend that response time for good cause.

**(ec) Participant Qualification For Ballot.**

~~(1) Any participating candidate who filed a Statement of Acceptance or Rejection of Matching Funds electing to participate in the Matching Funds Program who fails to qualify to have his or her name appear on the ballot or is not eligible to have write-in votes counted may not receive matching funds.~~

~~(2) Any matching funds program participant participating candidate who initially qualifies for the ballot but who is later disqualified from the ballot will be suspended from the Matching Funds Program at the time of that disqualification.~~

~~(A) and The candidate will be ineligible to receive additional public matching funds. A disqualified participant will not be eligible to receive matching funds unless and until such time that the participant's disqualification is restored.~~

~~(3B) If a participant is disqualified from the ballot after receiving public matching funds, the participant may not thereafter spend Any public funds in his or her the candidate's possession may not be spent for any purpose other than the payment of to pay for qualified campaign expenditures incurred before the date of that participant's the disqualification. All public funds in excess of such expenditures must be repaid to the Ethics Commission within 10 days of the date of the participant's disqualification.~~

**~~(f) Payments for an Election.~~**

~~(1) A participant may submit a matching fund payment request as soon as the total amount claimed reaches \$10,000 or more until fourteen days preceding an election, at which time a participant may submit requests for payments of \$1,000 or more. Payments will be disbursed and available for receipt within three working days after receipt by the Commission. The Commission, however, will issue no matching funds payment to any participant in a primary election any earlier than the day the City Clerk certifies that the candidate's name will appear on the primary nominating ballot or that the candidate has qualified to have write-in votes counted.~~

~~(2) No public matching fund payment will be issued to a participant in a runoff or general election any earlier than the day the City Clerk certifies that the candidate's name will appear on the general election ballot. Upon certification for the general election, each participating candidate will receive one-fifth of the amount of funds specified by Los Angeles Municipal Code Section 49.7.22, not subject to the matching funds requirements detailed in Los Angeles Municipal Code Section 49.7.21.~~

~~(3) No request for public matching funds will be accepted by the Commission any later than three months after an election.~~

~~(4) The Ethics Commission will issue a Matching Funds Payment Authorization Letter with supporting documents to the City Controller's Office certifying the amount of the matching funds payable to a participant. The Controller's Office will issue all~~

~~such payments through the Paymaster's Office only to Ethics Commission staff. All checks issued pursuant to Authorization letters received by the Controller's Office by 2:00 p.m. on Monday through Friday will be available to Commission staff by noon of the next working day. Checks issued pursuant to Authorization Letters that are received after 2:00 p.m. on Friday will be available for Commission staff by noon on the following Tuesday. Matching fund payments will be disbursed at the Ethics Commission Office after 2:00 p.m. on the day such payments are issued from the Controller's Office.~~

**SEC. 24.33**

**Allocation of Matching Funds**

**(g) Allocation of Matching Funds.**

- ~~\_\_\_\_\_ (1a) No later than 7 days after the final day to decline participation in the matching funds program, the City Ethics Commission shall members must determine at a public meeting of the Commission whether, based on the number of participating candidates, the amount of money in the Fund is adequate to provide the maximum matching funds to the participantsparticipating candidates.~~
- (b) For primary elections, the determination must be made within 40 days of the last day to decline to participate in the program. If that determination results in reduced maximum, a second determination must be made at least two weeks before the primary election.
- (c) For general elections, the determination must be made within 40 days after the City Clerk certifies the candidates whose names will appear on the ballot.
- (d) If the Ethics Commission members determines that the Fund may not be adequate to provide maximum matching funds to participating candidates, it will approve a method for disbursing the funds must reduce the maximums on a pro rata basis consistent with the following principles:
- ~~\_\_\_\_\_ (A1) The Ethics Commission will establish lower maximum amounts of public matching funds available to each participant rather than changingmembers may not otherwise change the matching funds formula.~~
- ~~\_\_\_\_\_ (B2) If the determination is made for a primary election, a portion of the Fund equal to a one-fifth grant for two candidates in each race in which there are participating candidates will must be reserved for disbursement in the general or runoff election.~~
- (3) In addition, no later than two weeks before the primary election, the City Ethics Commission at a public meeting of the Commission shall review the balance of the Fund. If a second determination is required for a primary election, the Ethics Commission members may adjust its previous estimates and raise the maximum amount of public matching funds available to participants. In no case, however, will but the amount disbursed to the participants maximums may never exceed the maximum amounts established in Los Angeles Municipal Code Ssection 49.7.22A29.

~~(2) No later than 7 days after the day the City Clerk certifies the candidates whose names will appear on the general election ballot, the City Ethics Commission shall determine at a public meeting of the Commission whether, based on the number of participating candidates, the amount of money in the Fund is adequate to provide the maximum matching funds to the participants. If the Commission determines that the Fund may not be adequate it will approve a method for disbursing the funds on a pro rata basis consistent with the following principle:~~

~~(A) The Commission will establish lower maximum amounts of public matching funds available to each participant rather than changing the matching funds formula.~~

~~(3e) These actions shall be approved by the Ethics Commission members must take action under this section by resolution and shall not require the adoption of a regulation at public meetings.~~

#### **SEC. 24.34**

#### **Matching Funds Payments**

**(a) Claim Form.** A participating candidate must file a matching funds claim form with the Ethics Commission to receive matching funds. The form must include the following:

(1) The participating candidate's name and an address and telephone number at which the participant may be reached during regular business hours.

(2) The elected City office the participating candidate is seeking.

(3) The election for which the form is filed.

(4) The name and identification number of the participating candidate's controlled committee.

(5) The date of the claim.

(6) The total amount of matching funds claimed.

(7) A list of all contributions for which the participating candidate requests matching funds.

(A) The list must be alphabetical by the names of the contributors.

(B) The following information must be provided for each contribution:

(i) The contributor's name, residence address, occupation, and employer (or, if the contributor is self-employed, the name of the contributor's business);

(ii) The date the contribution was received;

(iii) The amount of the contribution;

- (iv) The cumulative amount of contributions received from that contributor for the same election; and
- (v) The cumulative amount of matching funds already received for the same election based on contributions from that contributor.
- (8) A true and correct copy of documentation that supports each listed contribution. Supporting documentation includes copies of checks, credit card transaction receipts, and cash receipts.
- (9) A certification signed under penalty of perjury by both the participating candidate and the treasurer that, to the best of their knowledge and belief, the form and all supporting documents are true and complete and, beginning with the 2015 regular City elections, all contributions are from City residents.

**(b) Claim Amendments.**

- (1) Matching funds claims and their supporting documentation may be amended.
- (2) In addition to all of the information required for the original claim, amendments must state why the amendment is necessary and must itemize the data that is being amended.
- (3) Ethics Commission staff will review each amendment, to determine whether an adjustment to the participating candidate's matching funds payment is necessary.
  - (A) If an amendment results in a supplementary matching funds payment, it will be processed in the same manner as a payment for an original claim.
  - (B) If an amendment reveals that the participating candidate received excess matching funds, the participating candidate must return the amount of the excess to the Ethics Commission within 10 business days of receiving notice of the overpayment.

**(c) Payment and Claim Windows.**

- (1) Matching funds payments will not be made until the City Clerk certifies that the participating candidate's name will appear on the election ballot. Within five business days of the later of certification for the general election or qualification to receive matching funds, each participating candidate who has qualified to receive matching funds will receive one-fifth of the amount specified in Municipal Code section 49.7.29(B), without being subject to the matching formula specified in Municipal Code section 49.7.27.
- (2) Matching funds claims must be submitted in the following amounts:
  - (A) Until 14 days before an election, claims must identify at least \$10,000 in qualified contributions.
  - (B) From 14 days before an election until three months after an election, claims must identify at least \$1,000 in qualified contributions.

(3) Matching funds claims will not be accepted more than three months after an election.

**(hd) Requesting Matching Funds Payments**Reviewing Claims.

(1) The Ethics Commission staff will ~~must~~ review matching funds claim forms, to determine the amount of qualified contributions and the amount of matching funds that may be paid. ~~and, b~~

(A) Matching funds may not be paid for any portion of a qualified contribution that is returned to or not paid by the contributor.

(B) Based on the staff review, the Executive Officer (or in his or her absence, the Deputy Director) shall ~~Executive Officer's designee must~~ certify the amount of matching funds payable to a participant filing a claim form participating candidate.

(C) Certification must be made within three business days of receiving the claim. If a claim and the request for qualification are permissibly submitted as separate documents, the claim will not be deemed received prior to the date the Ethics Commission staff notifies the participating candidate that the candidate has qualified to receive matching funds.

(D) ~~Copies~~ A copy of each certification shall ~~must~~ be sent ~~provided~~ to the participant ~~participating candidate~~ and to the Controller.

(2) If Ethics Commission staff determine that any portion of a matching funds claim is not payable, the participating candidate may submit a written request for review to the Executive Officer within five business days of receiving notice of the determination. The request must specify the reasons the participating candidate believes that a different amount should be paid. The Executive Officer will conduct a review and issue a determination within five business days of receiving the request and may extend that response time for good cause.

(2e) **Processing Claims.** After certification, matching funds payments will be processed as follows.

(1) Upon certification of the amount of matching funds payable, the Ethics Commission staff will ~~request~~ issue a matching funds payment authorization letter with supporting documents to the Controller's office, certifying the amount of matching funds payable to the participating candidate.

(2) ~~to issue a matching funds payment in the amount certified. Payments will be drawn from the Matching Funds Campaign Trust Fund, and made payable to the participating candidate, and returned to the Commission for distribution.~~

(3) The Controller's office will issue payments for all authorizations that it receives by 2:00 p.m. no later than noon on the second business day after receipt.

- (4) The Controller's office will issue payments only to the Ethics Commission staff for distribution.

**(f) Distribution of Payments.**

- (1) Matching funds payments will be available for distribution within five business days after the Ethics Commission receives a claim form.

- (2) Matching funds payments will be distributed at the Ethics Commission office after 2:00 p.m. on the day the payments are issued by the Controller's office.

- ~~(3)~~ The Commission staff will release matching funds payments will be released only to a participating candidate, or to that candidate's treasurer, or an authorized agent displaying p. The recipient must display proper identification, within three working days after the Commission receives the request for payment as required by Los Angeles Municipal Code Section 49.7.23, set forth in Subsections (f)(1) and (2) above.

- (4) Any candidate receiving a public matching funds payment, or any authorized agent receiving such a payment on the candidate's behalf, The recipient must sign a Matching Funds Payment Report on the date which he or she to receives that payment. No matching fund payment will be issued without the signature of the candidate or the candidate's authorized agent on the report. Each Matching Funds Payment Report will must contain the following information:

(A) The name of the participant participating candidate;

(B) The name of the recipient;

~~(BC)~~ The elected City office the participant participating candidate is seeking;

~~(CD)~~ The date the Ethics Commission received the matching funds payment from the Controller;

~~(DE)~~ The amount of the certified matching funds payment;

~~(E)~~ the name of the individual receiving the payment;

~~(F)~~ the signature of the candidate or authorized agent receiving the payment;

~~(GF)~~ The date the individual received the payment; and

~~(HG)~~ a summary of all matching funds payments issued to the participating candidate to date.

**(i) Matching Funds Claim Form.**

- ~~(1)~~ To request matching fund payments, a participant in the matching funds program must file a Matching Funds Claim Form with the Commission, containing the following information:

~~(A) the participant's name, business address, and telephone number at which the participant may be reached during regular business hours;~~

~~(B) the office the participant is seeking;~~

~~(C) the election for which the Matching Funds Claim Form is filed;~~

~~(D) the name and identification number of the participant's controlled committee;~~

~~(E) the date of the claim; and~~

~~(F) the total amount of matching funds claimed.~~

~~(2) **Matchable Contributions List.** Each participant must submit with his or her Matching Funds Claim Form the following detailed information regarding each contribution for which the candidate requests public matching funds:~~

~~(A) The list shall be alphabetical by the names of the contributors and shall contain the following for each contribution: the contributor's name, street address, occupation, employer, the date the contribution was received, the amount of the contribution, the cumulative amount of contributions received from the contributor for the same election and the cumulative amount of matching funds already received in the same election based on contributions from the contributor.~~

~~(B) If a contributor is self-employed, the list shall include the name, if any, of the contributor's business.~~

~~(3) The participant must attach to the Matching Funds Claim Form a true and correct copy of each contributor check for which the participant requests matching funds. Participants may, at their discretion, provide copies of checks that omit any contributor information that is not required to be disclosed under Subsection (1)(2) above.~~

~~(4) Both the candidate and treasurer must sign each Matching Fund Claim Form and must verify under penalty of perjury that it and all supporting documents are true and complete to the best of their knowledge, information and belief. The Commission will not accept any unverified claim forms.~~

~~(5) The Commission will not accept illegible matching fund claims or supporting documents. The Commission will not accept any claims or supporting documents that contain information in other than ink.~~

**(kg) Payment Is Not Final Determination.** A matching funds payment of public matching funds does not constitute the Ethics Commission's final determination of the amount for which a participant-participating candidate may qualify.

**SEC. 24.35**

**Matching Funds Audits**

~~(m) Improper Use of Public Matching Funds. The expenditure of public matching funds on other than qualified campaign expenditures shall constitute a misappropriation of these funds and shall constitute a violation of this section.~~

~~(na) Additional Reviews and Post Payment Audits:~~

~~(1) The Commission staff's Determinations regarding qualification eligibility by and amounts of payment to participating candidates determinations are subject to post-payment audits and readjustment pursuant to the audit requirements otherwise established in Charter section 702(d) and Los Angeles Administrative Code Section 20.4924.41 of this code.~~

~~(12) Upon amendment of any matching funds claim submitted by a participant, or on additional review by the Commission staff if an audit reveals that additional matching funds may be paid to the participating candidate, the Ethics Commission staff may will notify the participant that he or she qualifies for additional matching funds.~~

~~(32) If an audit reveals that Upon such amendment or additional review, the Commission staff may notify the participant that he or she participating candidate received funds in excess of those eligible to be matched. In any such instance matching funds, the participant participating candidate must refund return the amount of the excess to the Ethics Commission within 10 business days of receiving such notice of the overpayment. If the funds are not returned within 10 business days, or subsequent payments will be reduced by the amount of the overpayment. Candidates who do not refund public funds as may be required are subject to legal action for collection of public matching funds.~~

~~(o) Matching Fund Claim Amendments.~~

~~(1) A participant may amend a previously submitted matching fund claim and any supporting documentation that accompanied that claim. The amendment must state the reason why an amendment is necessary and must itemize the data amended.~~

~~(2) Commission staff will review each amendment to determine whether an adjustment in the matching fund payments to the participant is necessary.~~

~~(3) Any supplementary matching fund payment that may be necessary pursuant to an amendment will be disbursed within three working days after submission of the amendment and all supporting documentation required by the Commission.~~

~~(4) The Commission will accept only amended claim forms that conform to the requirements of Subsection (i) of this section.~~

~~(p) Request for Review. If the Commission staff determines that a candidate is ineligible to receive public matching funds or that any matching funds claimed by a participant are not payable, in whole or in part, the participant may submit to the Commission Executive~~

~~Officer a written request for review of the determination. The request shall set forth in writing the reasons why the candidate believes that he or she is eligible or that a different amount of funds should be paid. The Executive Officer will review the request for payment and issue a determination within two working days.~~

- ~~(b) Statements and forms required or filed for the program are subject to desk and field audits under Charter section 702(d).~~

#### **SEC. 24.36**

#### **Return of Matching Funds**

- ~~(a) — Repayment of Public Matching Funds.~~

~~(1) — The Ethics Commission staff will notify a participant-participating candidate in writing if he or she must repay any public matching funds must be returned.~~

~~(2a) Participants returning public funds may return a full uncashed payment to the City Ethics Commission for deposit into the City's Public Matching Funds Trust Fund. A participant who returns any uncashed portion of a matching funds payment must be returned through make a check payable to the City Ethics Commission for deposit in the City's Public Matching Funds Trust Fund.~~

- ~~(b) Surplus matching funds must be returned within 90 days after the election or, if the participating candidate withdraws from the election, within 10 days after the withdrawal. Other matching funds must be returned within 10 days of receiving notice from the Ethics Commission.~~

~~(3) — **Disqualification Due to Fraudulent Acts.** A participant who has been disqualified from the ballot on the grounds that he or she committed fraudulent acts in order to obtain a place on the ballot, must reimburse the Commission in an amount equal to the total public matching funds paid to the participant. Payments required pursuant to this paragraph must be made within 10 days after the participant is disqualified.~~

- ~~(c) Candidates who do not return matching funds as required are subject to legal action for collection of the funds.~~

- ~~(r) — **Surplus Public Funds.**~~

~~(1) — A participant must pay to the Commission any surplus public matching funds remaining in the participant's possession no later than 30 days after the election or, if the candidate withdraws from the election, no later than 10 days after the participant withdraws his or her candidacy.~~

#### **SEC. 24.37**

- ~~(s) — **Recordkeeping Requirements.**~~

~~(1) — Nothing in this section shall be construed to modify any existing requirements otherwise established by law.~~

~~(2) — **Audits and Reviews.** Statements and forms filed pursuant to requirements of the Matching Funds Program are subject to desk and field audits by the Commission as authorized under Charter Section 702 (d)~~

~~(3a) **Best Efforts.** The participant Participating candidates must use his or her best efforts to obtain, maintain, and, if requested, submit to the Ethics Commission the all required information and shall keep a complete record of such efforts.~~

~~(1) Participating candidates must keep complete records of all efforts to obtain, maintain, and submit required information.~~

~~(2) With regard to the recordkeeping requirements ~~f~~For receipts, bills, and bank records, the participant will not be considered to have exercised best efforts unless he or she has made require at least one written effort per transaction to obtain the documentation.~~

~~(4b) **Four-Year Retention Period.** The participant Participating candidates must retain all records and documents required to be kept under this chapter, Municipal Code sections 49.7.7 et seq., and California Government Code Ssection 91011 for at least four years after the date of the last election to which the records or documents relate.~~

~~(5c) **Custodian and Location.** A participant Participating candidates must notify the Ethics Commission in writing of any person other than the treasurer who is ~~the~~ a custodian for the participant's participating candidate's records. ~~In addition, the participant must notify the Commission in writing of~~ The notice must include the location of those records and documents and ~~of any~~ must be amended whenever a change of address occurs.~~

#### **SEC. 24.38** **Violations**

~~(a) Matching funds may be spent only for the purpose of influencing or attempting to influence the actions of the voters for or against the election of a City candidate. Using matching funds in other ways is a misappropriation of the funds and violates this chapter.~~

~~(b) **Failure to Comply.** The failure of a participant participating candidate, controlled committee of a participant or campaign, or treasurer to comply with ~~the~~ any provisions of this section, and the failure of such person to provide full and accurate information required by this section, ~~chapter~~ is unlawful, constitutes a violation of this section ~~chapter~~ and is subject to the penalties and remedies set forth in Charter Ssection 706 and ~~Los Angeles~~ Municipal Code Ssection 49.7.348.~~

~~(c) In addition to any penalty, a participating candidate who violates a term or requirement of the program may be required to return all matching funds that the candidate received for the election during which the violation occurred.~~

### **CHAPTER 4. CAMPAIGN AUDITS AND INVESTIGATIONS**

#### **SEC. 24.641** **Audits and Investigations.**

### **CHAPTER 5. OFFICEHOLDER CONTROLLED FUNDS**

#### **SEC. 24.4051** **Officeholder Expense Fund.**