



THE CITY OF SAN DIEGO
PRESS RELEASE

Ethics Commission

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**ETHICS COMMISSION APPROVES \$17,000 FINE
IN CONNECTION WITH UNLAWFUL CAMPAIGN MAILER**

Stacey Fulhorst, Executive Director of the City of San Diego Ethics Commission, announced today the Commission's approval of a stipulated settlement agreement with Continuing the Republican Revolution (CRR), an entity registered with the Secretary of State as a slate mailer organization. According to the terms of the agreement, CRR has agreed to pay a \$17,000 fine for distributing a campaign mailer that violated a variety of the City's campaign laws. The campaign mailer supported the candidacy of Jerry Sanders in the July 2005 special mayoral election, and was distributed to approximately 40,000 City residents.

Although the City's campaign laws generally require the disclosure of contributions and expenditures associated with campaign advertisements, there is a loophole created by the passage of a state law in 1987 that exempts slate mailers from many of the disclosure requirements applicable to regular campaign advertisements. In order to qualify as a slate mailer, however, a campaign advertisement must feature at least four candidates or ballot measures.

On a typical slate mailer, a multitude of candidates and committees pay for their share of

space on the advertisement. In this case, however, the mailer sent by CRR featured only candidate Sanders and two ballot measures, with the vast majority of the space devoted to Sanders. No one paid to advertise either of the ballot measures; instead, it was apparent that the ballot measures were added to the Sanders advertisement by CRR in an effort to make it look like a slate mailer. Because this advertisement did not qualify as a slate mailer, CRR was required to publicly disclose the contributions and expenditures associated with the advertisement before the July 2005 special election. It failed to do so.

In addition, because the mailer did not qualify for the slate mailer exemption, the contributions used to pay for the mailer were subject to the City's \$300 per person contribution limit, and a ban on contributions from organizations. In this case, four individuals and eight organizations contributed between \$1,000 and \$5,000 each, for a total of \$18,000. Ms. Fulhorst commented that, "CRR violated local campaign laws when it used contributions from organizations and contributions in excess of local limits to support a City candidate. In addition, by failing to disclose its activities before the special election, CRR denied the public access to relevant information about the nature of a City candidate's supporters."

The Commission has declined to take any action against the individual contributors. According to Ms. Fulhorst, the Commission's investigation revealed that CRR led the individual contributors to believe that their contributions were lawful. In addition, the Commission's investigation did not reveal any evidence to suggest that the contributions and expenditures associated with the CRR mailer were coordinated with the Sanders campaign.

The Commission Chair, Dorothy Leonard, reported that the Commission has received inquiries from candidates and members of the public concerned about the abuse of the slate mailer exemption. She explained that, "Although the slate mailer exemption was originally intended for organizations in the business of selling advertising space to a true slate of candidates, it appears that the law is being abused by individuals and groups in an effort to circumvent local regulations regarding contribution limits and the disclosure of campaign

activities.” She added that the Commission may ask the staff to research whether it is possible to more strictly regulate slate mailers on a local level or, in the alternative, recommend legislative amendments at the state level.

Ethics Commission fines are paid to the City of San Diego’s General Fund. The stipulated settlements approved by the Commission resolve all factual and legal issues without the necessity of holding an administrative hearing.

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