

Los Angeles City Ethics Commission

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The Los Angeles City Ethics Commission helps to preserve the public trust by promoting elections and government decisions that are fair, transparent, and accountable.

The Commission acts through its voter mandate to shape, administer, and enforce the City's governmental ethics, campaign financing, and lobbying laws.

Late 1980s

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- A former mayor's conflicts raised concerns. For example:
 - Directed city funds to a bank he was paid to advise.
 - Failed to properly report personal investments.
 - Engineered the sale of city land to a campaign fundraiser.
 - Investigated by federal grand jury for possible insider trading.
- A panel was appointed to write a new code of ethics.
 - Called the Cowan Commission, for chair Geoffrey Cowan.
 - Issued a report in November 1989.
 - Made 30 recommendations for improving governmental ethics, including creating an independent Ethics Commission.

1990 Voter Approval

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- Charter Amendment H was a modified version of the Cowan Commission's recommendations.
- Placed on the ballot by the city council.
- Most comprehensive package of local governmental ethics and campaign finance laws in the country.
- Created Ethics Commission and charged it with oversight responsibility for governmental ethics, campaign financing, and lobbying.

Goals of Ethics Laws

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- Transparency
- Integrity
- Impartiality
- Accountability

Cowan Commission Report (1)

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“...[T]he goal of a good ethics law is *compliance*, rather than prosecution, and ... the law should be as *clear*—and as fully understood—as is humanly possible. In short, we have sought to banish the gray: to eliminate those areas of uncertainty that represent loopholes for those who wish to avoid compliance and are confusing traps for those who wish to comply.”

Cowan Commission Report (2)

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“Compliance, not prosecution, is the central goal of an ethics code, but to be truly effective the code must contain tough sanctions and the reasonable assurance that enforcement will be swift and sure.”

Structure

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- Commissioners

- Five individuals serve staggered, five-year terms.
- Appointed by Mayor, City Attorney, Controller, City Council President, and City Council President Pro Tem
- Serve on a part-time, volunteer basis.

- Executive Director

- Appointed by commissioners.
- Conducts day-to-day business.
- Hires and oversees staff.

Quick Numbers

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- Staff
 - 23 full-time employees.
 - Exempt from civil service (serve at the pleasure of the ED).
- Operating Budget
 - \$2,932,856 for FY 2015-16.
 - \$250,000 is mandatory funding for a special prosecutor.
 - Approved annually by Mayor and City Council.
- Matching Funds
 - Current trust fund balance of \$8,339,415.
 - Mandatory annual appropriation of \$2,000,000 adjusted for CPI.

Governmental Ethics

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- Conflicts of interests and recusals
- Financial disclosure
- Revolving door
- Outside employment
- Misuse of authority/city resources
- Gifts and travel
- Political activities

Campaign Financing

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- Contribution limits
 - City and LAUSD candidates.
 - Limits adjusted annually for CPI.
 - Fundraising windows.
- Contribution prohibitions
 - Lobbying entities.
 - Bidders/subcontractors of \$100,000+.
 - Ethics commissioners.
- Political communications
 - Disclosure and disclaimer requirements
 - Applies to campaigns and independent expenditures
- Regular campaign reporting
- Officeholder accounts
- Matching funds

Matching Funds

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- Voluntary program.
- Qualification requirements:
 - Certified to be on ballot / opponent certified to be on ballot.
 - Limit overall spending.
 - Limit personal spending.
 - Participate in debates.
 - Collect threshold levels of contributions from City residents.
 - Collect 200 contributions of \$5+ from district residents.
- Limited funding.
 - Up to \$250/\$500 per contribution matched.
 - Match rate is 2:1 in primary and 4:1 in general if 1,000 signatures are gathered (1:1 in both primary and general if not).
 - Only contributions from City residents are matched.
 - Overall maximums based on office sought.

Lobbying

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- Lobbying Entities

- Lobbyists (30+ hours of compensated lobbying activity in 3 months).
- Lobbying firms (paid \$1,000+ / owner, officer, employee, etc. qualifies as lobbyist).
- Lobbyist employers (employ in-house lobbyists).

- Annual Registration

- \$450/lobbyist plus \$75/client.
- 400 lobbyists, 150 firms, 70 employers, and 1,400 clients per year.

- Quarterly Reporting

- City matters they attempted to influence.
- Compensation (from clients and to lobbyists).
- Fundraising activity.
- Expenses.

Education and Outreach

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- **Mandatory trainings**
 - Candidates/treasurers
 - City officials
 - Lobbyists

- **Education**
 - Advice
 - Formal and informal
 - 20,000+ advice contacts each year
 - Opinions
 - Guides
 - Brochures

Disclosure

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- Campaign reports*
- Independent expenditure reports*
- Political communications*
- Lobbying reports*
- Statements of economic interests

All information is filed electronically and provided on our website.

We process 15,000+ filings each year.

* Proprietary electronic filing systems, which allow users to search and download data.

Enforcement

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- Audits
- Whistleblower Hotline
- Investigations
 - 4-year statute of limitations (except for concealment/deceit).
 - Subpoena power.
 - Work with other law enforcement agencies (FPPC, DA, FBI, etc.).
- Administrative Penalties
 - Maximum penalty: greater of \$5,000 per count or 3 times the amount of money at issue.
 - Must be approved by commissioners.
 - Comprehensive procedural safeguards.
- Confidentiality

Contact Information

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Los Angeles City Ethics Commission

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