

AUDIT REPORT

“JOHN LEE FOR CITY COUNCIL 2019 - RUNOFF”

*2019 Special General Election Committee
(ID #1419085)*

July 21, 2021



AUDIT REPORT

“John Lee for City Council 2019 - Runoff” *2019 Special General Election Committee*

AUDIT AUTHORITY

The Ethics Commission audited the “John Lee for City Council 2019 - Runoff” committee (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state’s Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances and policies. The Ethics Commission is required to “conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for City offices.” Charter § 470(n)(2). An audit is mandatory for each candidate who raised \$100,000 or more in contributions, made \$100,000 or more in expenditures, or received public matching funds. Los Angeles Administrative Code (LAAC) § 24.41(A)(1); Charter § 702(d). In addition, each committee that is controlled by a candidate who is subject to a mandatory campaign audit must also be audited. LAAC § 24.41(A)(2).

AUDIT PERIOD

The audit covered the period of January 1, 2019, through December 31, 2020.

One other committee controlled by candidate John Lee was audited as part of the same election cycle: “John Lee for City Council 2019” (ID #1415064).

COMMITTEE BACKGROUND

Mr. Lee was a candidate for Council District 12 in the special general election that was held on August 13, 2019. The Committee was the campaign committee that Mr. Lee controlled for that election. Mr. Lee participated in the public matching funds program and received public funds for the special general election. He was opposed in the race by Loraine Lundquist. Mr. Lee won the special general election with 51.5 percent of the 37,685 votes.

Mr. Lee filed a “Declaration of Intent to Solicit and Receive Contributions” with the Ethics Commission on June 12, 2019. The Committee filed a “Statement of Organization” with the Secretary of State on June 11, 2019, and the Committee’s identification number is 1419085.

The Committee’s treasurer was Kim Lutz, whose office is located at 1787 Tribute Road, Suite K, Sacramento, California 95815.

The Committee's original address of record was 19709 Rinaldi Street, Porter Ranch, California 91326. The "Statement of Organization" was amended to change the address of record to 1787 Tribute Road, Suite K, Sacramento, California 95815 on July 30, 2020.

The Committee filed a "Termination Statement" with the Secretary of State on February 1, 2021, and the Committee was terminated effective December 31, 2020.

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the City, as required by Charter § 470(g). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$0, total cash receipts of \$473,435, total cash disbursements of \$473,435, and a closing cash balance of \$0. Cash receipts include monetary contributions and miscellaneous increases to cash (matching funds, account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

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

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

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

CURED CONTRIBUTIONS

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

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

AUDIT FINDINGS

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

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

Attachment:

A Cured Contributions

Attachment A
Cured Contributions
John Lee for City Council 2019 - Runoff (ID #1419085)

Set	Reason for Curing*	Contributor	Date Received	Amount
1	Cumulative	Patricia L. Glaser	6/25/2019	\$800.00
		Patricia L. Glaser	7/31/2019	\$800.00

***Reasons for Curing a Contribution:**

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

Cumulative: Contributions from a single person may not exceed the applicable per-person contribution limit to a committee during an election.

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