



THE CITY OF SAN DIEGO
PRESS RELEASE

Ethics Commission

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**ETHICS COMMISSION ANNOUNCES SETTLEMENT
WITH MAYORAL CANDIDATE PETER Q. DAVIS
CONCERNING VIOLATIONS OF CAMPAIGN LAWS**

Stacey Fulhorst, Executive Director of the City of San Diego Ethics Commission, announced today the Commission's approval of a stipulated settlement agreement with Peter Q. Davis. Davis, a candidate for Mayor in the 2004 election cycle, has agreed to pay a fine of \$2,500 for failing to disclose \$82,993.80 in subvendor payments and \$10,076.09 in accrued expenses prior to the November 2004 general election. Subvendor payments are payments made by a candidate's agent or independent contractor (e.g., a campaign consultant) to campaign vendors. Laws requiring the disclosure of subvendor payments are intended to prevent campaign committees from withholding information regarding their expenditures when payments are made through an agent. Accrued expenses are bills that are incurred but not paid prior to the end of a reporting period. Committees are required to disclose unpaid bills to ensure that the public has information regarding the debt carried by candidates during and after an election campaign.

Ms. Fulhorst commented that, "In this case, the Committee reported payments made to consultants with codes that explained that the payments were for television and print advertisements, but failed to report the actual payments by the consultants to subvendors. In

addition, the Committee reported campaign expenditures at the time they were paid, but failed to report accrued expenditures that were incurred but not paid by the close of a reporting period.” Although the Commission’s investigation revealed that Davis relied on his campaign treasurer to properly disclose subvendor payments and accrued expenses, Ms. Fulhorst noted that candidates are ultimately responsible for the actions of their treasurers.

According to the Commission Chair, Dorothy Leonard, the Commission felt that the amount of the fine was appropriate in light of the underlying circumstances. “The Committee disclosed the majority of its subvendor payments prior to the election; however, the dollar amount of subvendor payments that were not timely disclosed necessitated an administrative fine. Commissioner Leonard added that the failure to disclose all unpaid bills was “also a factor in determining the amount of the fine.”

The violations of local campaign laws were discovered during the course of a compliance audit after Davis’ committee was selected for audit at a random drawing. Through the examination of the committee’s records and campaign disclosure statements, the Commission’s auditor verified that Davis’ committee timely filed all campaign statements, and maintained all necessary documentation.

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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