



THE CITY OF SAN DIEGO
PRESS RELEASE

Ethics Commission

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**ETHICS COMMISSION ANNOUNCES SETTLEMENT WITH
NEIGHBORHOOD MARKET ASSOCIATION FOR FAILING TO
PROPERLY DISCLOSE EFFORTS TO OPPOSE BEACH ALCOHOL BAN**

Stacey Fulhorst, Executive Director of the City of San Diego Ethics Commission, announced today the Commission's approval of two stipulated settlement agreements with the Neighborhood Market Association [NMA] in connection with NMA's failure to properly disclose its efforts to oppose the City's temporary and permanent beach alcohol bans.

The first stipulation concerns Our City Our Responsibility, a committee sponsored by NMA and formed for the purpose of qualifying a measure for the June 2008 ballot to overturn the temporary alcohol ban at City beaches. The second stipulation concerns You Empower Our Community, another committee sponsored by NMA and formed for the primary purpose of opposing the permanent beach alcohol ban (Proposition D) on the November 2008 ballot. NMA agreed to pay a \$2,000 fine in the first matter and a \$12,000 fine in the second matter for failing to disclose that it was the sponsor of these committees, for failing to disclose that the committees were primarily formed to oppose the City's beach alcohol bans, and for failing to file campaign statements with the City Clerk.

Ms. Fulhorst explained that both committees were improperly formed as "general purpose" committees such that they filed their campaign statements with the state and county, instead of with the City Clerk. As a result, information regarding the committees' funding and expenditures was not readily available to the voters in the City of San Diego. Ms. Fulhorst noted that NMA made a few expenditures to support a candidate in the City of Chula Vista, and erroneously concluded that these expenditures were sufficient to

qualify it as a “general purpose” committee. The failure to file campaign statements locally was compounded by the failure to disclose that the committees were sponsored by NMA, an organization comprised of independent retailers in the food and alcohol beverage industry. According to Ms. Fulhorst, this important fact should have been revealed on campaign statements as well as the mailers and billboard advertisements commissioned by You Empower Our Community in its efforts to oppose Proposition D.

Ms. Fulhorst further explained that the fine in the Our City matter was substantially lower because the committee was ultimately unsuccessful in qualifying the measure for the ballot. As a result, the disclosure of information regarding the committee’s funding and expenditures was not as important to the public as it would have been if the public had been asked to vote on a referendum to overturn the temporary beach alcohol ban in the June 2008 election.

According to the Commission Chairman, Richard Valdez, “One of the primary purposes of the City’s campaign laws is to ensure that information regarding committee sponsorship, funding, and expenditures is promptly disclosed to the public.” He noted that NMA did file independent expenditure reports with the City Clerk, a factor in mitigation considered by the Commission. However, he pointed out that these reports only provided information regarding the committee’s expenditures, and not its funding or sponsorship. Chairman Valdez added that the failure to disclose this information prior to the November 2008 election deprived the public of essential facts that could have influenced their vote on the permanent beach alcohol ban.

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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