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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

BEFORE THE FEDERAL ELECTION COMMISSION

JAN 30 4 03 PM '02

In the Matter of)

) MUR 5106

City of San Diego)

City Civic Events Fund)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that the City of San Diego (the "Respondent") violated 2 U.S.C. § 437(1) and 11 C.F.R. §§ 9008.51(a), (b) and 9008.53(b)(1).

NOW, THEREFORE, the Commission and the Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

II. The Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Pursuant to 2 U.S.C. § 437(1), the Commission has established reporting requirements for host committees in 11 C.F.R. § 9008.51(a) and (b) and for municipal funds in 11 C.F.R. § 9008.51(c). The following information is required of host committees: its name and address; the name and address of its officers; and a list of the activities which the host committee plans to undertake in connection with the convention. 11 C.F.R. § 9008.51(a). Host committees

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are also required to report all receipts, and disbursements, including in-kind contributions, made with respect to a presidential nominating convention. 11 C.F.R. § 9008.51(b).

2. Government agencies and municipal corporations may establish municipal funds to accept donations from local businesses (except banks), local labor organizations and other local organizations or individuals that may be used in connection with presidential nominating conventions only for permissible host committee expenses such as the examples set forth at 11 C.F.R. § 9008.52(c)(1)(i) through (ix). 11 C.F.R. § 9008.53 (1999).

3. Municipal funds may not be restricted for use in connection with any particular convention. 11 C.F.R. § 9008.53(b)(1)(i). Donations to the fund must be unrestricted and may not be solicited or designated for use in connection with any particular convention. 11 C.F.R. § 9008.53(b)(1)(ii).

4. In its operation of its City Civic Events Fund (the "Events Fund"), the Respondent solicited, accepted and provided donations in the amount of \$6,698,176 to the 1996 Committee on Arrangements for the Republican National Convention (the "Convention Committee") through the San Diego Host Committee (the "Host Committee") for use at the 1996 Republican National Convention held in San Diego, California, on August 12 through 15, 1996.

5. The Respondent contends that a solicitation letter dated June 1, 1996 was related to only some of the donations it received and that its acknowledgment letters do not reference any particular convention. The Respondent solicited donations designated for use in connection with the 1996 Republican National Convention in the solicitation letter dated June 1, 1996 and signed by the Mayor of the City of San Diego and the Chair of the Host Committee.

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6. The Respondent contends that, while \$2,501,000 of its donations were accompanied by references to the 1996 Republican National Convention in correspondence from the donors or notations made by the donors on their checks, the donors did not place any legally enforceable restriction on their donations and that it would not have accepted any such restriction on a donation. The Respondent accepted \$2,501,000 of restricted donations that were accompanied by correspondence from the donors or notations made by the donors on their checks that designated the donations for use in connection with the 1996 Republican National Convention. The Respondent provided these funds to the Host Committee for use in connection with the 1996 Republican National Convention.

7. The Respondent contends that the City Civic Events Fund was not restricted because the contractual arrangement between the Respondent and the San Diego Host Committee gave the City Manager and City Auditor the discretion to transfer or retain any funds received by the City Civic Events Fund. The Respondent further contends that the City Civic Events Fund was not restricted because it remains in operation and slated for use in connection with other projects. For the period January 1995 through December 1996, all funds deposited in the Events Fund were transferred to the San Diego Host Committee for its use in connection with the 1996 Republican National Convention. The Events Fund's only solicitations were related to the 1996 Republican National Convention. Therefore, the Events Fund was restricted to use in connection with the 1996 Republican National Convention.

8. The Respondent filed a letter dated October 11, 1996 with the Commission that constitutes a statement as required by 11 C.F.R. § 9008.51(c).

V. The Respondent violated 11 C.F.R. § 9008.53(b)(1).

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VI. The Commission, on request of anyone filing a complaint under 2 U.S.C.

§ 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

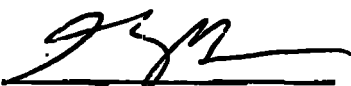
VII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

VIII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence H. Norton
General Counsel


BY:



Gregory R. Baker
Acting Associate General Counsel

3/20/02
Date

FOR THE RESPONDENT:



Jan. 30 / 2002
Date