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SAN FRANCISCO
ETHICS COMMISSION

June 4, 2015,

Re: Response to Ethics Commission Audit

Dear Director John Saint Croix:

Thank you for providing me the opportunity to provide some documentation and explanation of my Avalos for Mayor 2011 campaign account status.

My campaign was a very grassroots effort with many trusted volunteers serving in key consulting roles since we did not have a formal campaign consultant or traditional campaign manager or staffing structure. As the candidate, I worked very hard to recruit close associates to help with the tremendously challenging campaign effort including building a capable campaign infrastructure to fill the role normally held by a campaign manager and consultant. While at that time I had experience campaigning at the District level, the 2011 campaign was the very first time that I and many of my inner campaign team had ever taken on anything as challenging as a city wide mayoral campaign. As the campaign proceeded I found that I was further and further removed from the day to day oversight of the systems that we had in place for different aspects of the campaign including the detailed day to day treasury reporting effort. It was my stated expectation to staff and volunteers that we uphold the highest standards in electoral campaigning. To that end, I did not engage in negative campaigning and we did everything we could to be as economical as possible while providing staff with a strong structure and level of support to do be successful. Because of these efforts, my campaign and a high level of commitment and satisfaction among staff and volunteers and successfully achieved the lowest cost per vote than any other mayoral campaign during the 2011 Mayor's race.

The high level of reliance on volunteers, particularly for the treasury effort, made it difficult to manage the accounting and ensure precise record retention that are vital the treasurer's effort. Unfortunately, I did not realize this until well after the campaign was over.

My first campaign treasurer Myrna Melgar held the position from April 2011 through July 2011 as an unpaid volunteer. She had no previous treasurer experience prior to taking on this role in my campaign. She had an unpaid college intern assisting her in the treasuring effort. My campaign worked with her at the beginning and had at the time believed there were strong systems in place to track and properly account contributions and expenditures in accordance with ethics laws and regulations.

When she resigned from working as treasurer, one of my campaign volunteers, Sarah Warren, stepped into the role as treasurer and worked very hard to learn how to do the job to the best of her ability. Although she did not have previous experience as a treasurer or in any campaigns, it was my understanding that she received lots of assistance from other volunteers and people with some experience with the treasury effort. I only found out later how difficult it was for her to keep up with the rigorous tracking and document retention that is required under campaign finance law. Exacerbating this situation for her was the fact that my first treasurer, Myrna, still provided a large support role in the treasury and maintained a number of the records off site from the campaign office.

The audit found that we have large gaps in providing proper documentation of our campaign finances. This lack of documentation, is due to the fact that many of our documents can no longer be located. I believe there are many reasons for this lack.

When the campaign ended, my staff and I had to empty out our office very quickly. I did not have storage in my house for any of my campaign material and many of the effects of the campaign were held in various locations. In addition, in the intervening time between the end of the campaign and the audit, I have moved twice, my first treasurer, Myrna, has moved once, and my second treasurer, Sarah, moved several times, including out of the country. All this movement of key finance staff has made it difficult to keep track of all our documents. I had thought that all of the treasurer's materials were centrally housed with a friend, Frances Hsieh. However, when we sought to gather the boxes that held the treasury documents, we realized they were not there.

I realize that the lack of documents is unacceptable and I take full responsibility for not having them available. If I were to ever run for public office again, I will never structure my campaign staff and treasury operations in the same way. In preparing this audit, I hope that the Ethics Commission can take into consideration the unique nature of my Avalos for Mayor 2011 campaign effort. Having said that please let me know what I can do to be held accountable for the lapse in information that remain in my treasury report.

I have closed the checking and savings account for my Avalos for Mayor 2011 campaign. The savings account held \$100.00 and the checking account held \$46,866.18. Enclosed please find a check for \$46,966.18, the total both accounts.

Sincerely,

A handwritten signature in black ink, appearing to read "John Avalos", written in a cursive style.

John Avalos

cc: Amy Li