



To: Los Angeles Ethics Commission

Date: May 16, 2023

RE: Conflict of Interest: Councilmember Hugo Soto-Martinez and Hotel Worker Minimum Wage Ordinance

Overview

The Center for Union Facts respectfully requests that the Los Angeles Ethics Commission investigate a potential conflict of interest regarding Los Angeles City Councilmember Hugo Soto-Martinez's sponsorship of a motion to raise the minimum wage for Los Angeles hotel workers.

In his January 2023 Form 700, Councilmember Soto-Martinez disclosed receiving gross income in 2022 of \$10,001-\$100,000 from Unite Here Local 11, the hotel workers union where he was previously employed as an organizer. It is inappropriate for Councilmember Soto-Martinez to sponsor a motion that would benefit Unite Here Local 11 financially.

This act would appear to be a violation of Section 87100 of the Political Reform Act, which says public officials "at any level of state or local government" shall not "make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest." Specifically, it would appear to be [in violation of Section 87103](#), which spells out when financial interests may give rise to a disqualifying conflict of interest.

Factual Background

Councilmember Hugo Soto-Martinez is co-sponsor of a [motion](#) that directs city staff to draft a report and subsequent ordinance to amend the city's Hotel Worker Minimum Wage Ordinance. The revision would raise the minimum wage to \$30 by 2028 for employees in the tourism industry.



[Speaking at a press event](#) in support of the motion, Councilmember Soto-Martinez told the audience that the Council should pass the motion to “show Los Angeles that we’re a union town...”

In the case of Councilmember Soto-Martinez, it is quite literally true that Los Angeles is a “union town.” Prior to his election, Councilmember Hugo Soto-Martinez was a Lead Organizer with Unite Here Local 11, where he received income of \$68,618 in 2021 and \$19,101 in 2022, according to the organization’s most recent financial filings with the Department of Labor. In his most recent Form 700, filed January 11, 2023, Soto-Martinez disclosed that he received income of \$10,001-\$100,000 from Local 11 in 2022.

If Soto-Martinez’s motion is enacted, Local 11 would directly benefit from the minimum wage policy through one of several channels:

- According to the union’s official [bylaws as of 2019](#) (the latest year publicly available through the Department of Labor), a portion of its members pay dues as a percentage of their “gross wage compensation.” This means an increase in tourism worker wages – as would be mandated by this ordinance – could lead directly to an increase in dues collected by the union.
- The union might also lobby to exempt itself from the ordinance as a tool to boost its organizing work. The requirements of the present Hotel Worker Minimum Wage Ordinance “[may be waived in a bonafide collective bargaining agreement](#)...” Local 11 supports these exemptions and has lobbied for them. Former President of Unite Here Local 11 Tom Walsh explained that such exemptions are a tool to help ease unionization. [He told the Los Angeles Times](#): “It just perhaps will cause [non-union hotels] to be less resistant to unionization.”

In summary, the union—which has paid Soto-Martinez—will financially benefit from this motion in one of two ways: Either directly, through increased dues revenue, or indirectly by using the higher wage floor as an organizing cudgel against non-union hotels.

According to Section 87100 of the Political Reform Act: “A public official at any level of state or local government shall not make, participate in making, or in any way attempt to use the public



official’s official position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest.”

The various tests [are further described](#) by the Fair Political Practices Commission:

- Section 87103 identifies “financial interests” that could give rise to a “disqualifying conflict of interest,” which includes the following: “A source of income totaling \$500 or more in value provided or promised to, or received by, the official within the 12 months prior to the time when the decision is made.”
- Section 87102 sets forth the financial effects for a nonprofit organization that would qualify as a conflict, including certain increases in gross revenues or decreases in expenses.

The Center for Union Facts urges the Ethics Commission to investigate whether Soto-Martinez’s support for this motion qualifies as an ethics violation under the current law.

Sincerely,

Charlyce Bozzello
Center for Union Facts