



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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EXECUTIVE STAFF REPORTS

October 20, 2016 Commission Hearing

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I. ENFORCEMENT DIVISION

STAFF: GALENA WEST, CHIEF OF ENFORCEMENT

During the period of August 30, 2016 through October 6, 2016, the Enforcement Division received, opened and rejected the following referrals and complaints:

Type	SWORN	PROACTIVE/INFORMAL	NON-FILER
Number Received	48	33	121
Case Opened	2	0	120
Rejected	4	3	1
Under Review	42	30	0

Also during this time, the Division closed a total of 86 cases including:

- 35 warning letters,
- 1 advisory letter,
- 5 no action letters,
- 14 as a result of the adoption of stipulations and defaults at the September Commission meeting, and
- 31 committees were administratively terminated.

The Division had 825 cases in various stages of resolution at the time of the September Monthly Report and currently has approximately 946 cases in various stages of resolution, including the 19 cases before the Commission as listed in the October 2016 agenda.

On May 1, 2015, the Division received from the Secretary of State's office 2,460 \$50 Annual Fee referrals for 2013 fees not paid timely. Of those, 184 have been resolved with fines and 191 are being actively worked. On October 22, 2015, the Division received the \$50 Annual Fee referrals for 2014, which totaled 1,786. Of those, 51 have been resolved with fines and 271 are currently being worked. As for the remaining referrals, they were rejected, the committees were terminated locally without notice to Secretary of State, the committees were administratively terminated or are slated for administrative termination, or the committee received no violation or warning letters.

II. LEGAL DIVISION

STAFF:

HYLA WAGNER, GENERAL COUNSEL

JOHN WALLACE, ASSISTANT GENERAL COUNSEL

TRISH MAYER, ASSISTANT CHIEF

JACK WOODSIDE, SENIOR COMMISSION COUNSEL

A. Pending Litigation

Frank J. Burgess v. Fair Political Practices Commission.

Frank J. Burgess filed a writ of mandate in Riverside Superior Court on October 4, 2015, seeking relief from the Commission's decision and order in *In re Frank J. Burgess*, Case No. 12/516. Following an administrative hearing in front of an Administrative Law Judge (ALJ), Mr. Burgess challenged that decision to the Commission. After oral argument before the Commission on March 19, 2015 and a thorough review of the record, the Commission rejected the ALJ's decision and decided the case based on the record, oral argument, and the parties' supplemental briefing on the "governmental decision" element of the case. The Commission found that Mr. Burgess violated Government Code Section 87100 of the Political Reform Act (the Act) and imposed a \$5,000 fine on July 7, 2015. Mr. Burgess challenged that decision as an excess of the Commission's jurisdiction, an abuse of discretion, and a denial of due process rights.

On September 15, 2016, the Court issued its judgment granting Burgess's petition on due process grounds and ordering the Commission to vacate and set aside its decision. The Court further ordered the Commission to file a Return to the Writ on or before November 17, 2016. The Commission will hold a closed session on the matter.

B. Outreach and Training

- On September 8, 2016, Senior Commission Counsel Sukhi K. Brar and Political Reform Consultant Deborah Hanephin conducted a training on the gift rules for State Treasurer John Chiang and his high level staff.
- On September 15, 2016, for the County Counsels' Association of California, Senior Commission Counsel Brian Lau and Senior Enforcement Counsel Angela Brereton participated in a panel discussion on the Act's conflict of interest rules and Section 1090 with Shayna van Hoften of Hanson Bridgett. Approximately 40 county counsels attended.

C. Advice

In September 2016, the Legal Division responded to the following requests for advice:

- **Requests for Advice:** Political Reform Consultants and attorneys collectively responded to more than 1,400 email and telephone requests for advice.
- **Advice Letters:** The Legal Division received 19 advice letter requests and issued 24 advice letters.
- **Section 1090 Letters:** Legal Division received three advice letter requests concerning Section 1090 and issued 10. This year to date we have received 41 requests regarding Section 1090.

D. Advice Letter Summaries

Campaigns

Matthew C. Alvarez

A-16-166

The Act and Oakland's municipal code both have similar requirements for disclaimers on certain campaign mailers paid for by independent expenditures attesting that the mailers are "not authorized" by a candidate. Instead of requiring two repetitive disclaimers on Oakland mailers, as to state law, merged language combining the two disclaimers satisfies the "not authorized by" disclaimer required by Section 84506.5 of the Act. The proposed language states "This mailing was not authorized, approved or paid for by a candidate for City office, a committee controlled by a candidate for City office, or an election official."

Betty Ann Downing

A-16-177

A state candidate controlled election committee (O'Donnell for Assembly) and a general purpose recipient committee (LA: Orange County Democrats United), may expend campaign funds to pay for a reception and celebration of life event honoring a long-time California Democratic Party political activist, held after a Party Executive Board meeting and attended by Party officials, donors and activists. The event was directly related to the political purpose of each committee; and each may expend campaign funds for the event as "gifts" to the attendees, so long as the gifts have a total cumulative value of less than \$250 to each individual under Section 89513, subdivision (f)(3).

Conflict of Interest

Jolie Houston

I-16-095

A city council member with multiple interests in the downtown area may take part in certain decisions that (1) amend a zoning code ordinance as applicable for all properties within the zoning district, (2) have no or only a nominal effect on her interests, or (3) have no foreseeable effect on her interests pending the completion of a study. However, the council member may not

take part in decisions in which her interests are explicitly involved and will need to further consider any decisions regarding planning submittal requirements in which her interests are not explicitly involved after accessing the magnitude and nature of the specific requirements proposed.

Michael A. Grob**I-16-141(a)**

An employee of the California Department of Water Resources (DWR) owns a company, HGCPM Inc., that has contracted with DWR to serve as the Program Manager of the initial planning, coordination, and oversight of the WaterFix Project, a project to construct and operate two tunnels for delivering water from north to south. The WaterFix Project is funded, in part, by approximately 25 water purchasers, including the Westlands Water District, that are affected by the project. The Westlands Water District has contracted with HGCPM to perform work on the Lower Yolo Restoration Project as the project manager. Once this project is completed, the Westlands Water District will sell the site to DWR. Under the Act, HGCPM Inc. may continue to perform services for the Westlands Water District. A public official is not prohibited from providing services to multiple clients, including multiple government agencies. Also, the official may participate in governmental decisions that affect his company because, under the governmental salary exception as applied to “consultants,” he does not have a financial interest in the decisions. (Supersedes *Grob* Advice Letter No. I-16-141.)

Alexandra M. Barnhill**A-16-144**

As a result of her interest in a limited liability corporation that owns the Sequoia Hotel in Redwood City, Councilmember Howard has a prohibited conflict of interest in five proposed downtown developments based on a determination that each of the decisions will have a foreseeable and material financial effect on her interest.

Jessica M. Jahr**A-16-146**

Dr. Wolff, chair of the Central Coast Regional Water Quality Board, has business and real property interests that are subject to irrigated land discharge fees imposed by the Board (the 2017 Order). The 2017 Order is anticipated to be an extension, with some modifications, of the 2012 Order governing current discharge fees. The discharge fees under the 2012 Order and anticipated under the 2017 Order amount to less than \$300 a year, which is .014% of costs in relation to earnings for his business entity. Under revised regulations, the discharge fees are not material under the Act because the fees would have only nominal, inconsequential or insignificant financial effect on his financial interests. Dr. Wolff may participate in 2017 Order decisions. (Supersedes *Jahr* Advice Letter, No. A-13-045, *Jahr* Advice Letter, No. A-13-045(a), and *Jahr* Advice Letter A-14-031, due to regulation changes since the 2012 Order).

Pat Meyerin**A-16-148**

The requestor has a conflict of interest that prohibits him from participating in City Council decisions concerning the Peery Park Specific Plan and Final Environmental Impact Report based on the close proximity of his residence to the project.

Richard Mendelsohn**A-16-154**

The Act does not prohibit a Town of Windsor Public Art Advisory Committee member from taking part in the governmental decision on whether to recommend approval of one of three alternative design options to the Town Council for the renovation of a water fountain located nearby to the member's commercial office building because the decision would not have a reasonably foreseeable material financial effect on the member's interests in either the commercial office building or its sole tenant, a solar energy company. Although the recommendation of the design option for the water fountain may lead to an incidental improvement to the aesthetics of the neighborhood surrounding the commercial office building and the solar energy company, there was no indication that the decision would contribute to a change in the value of either the commercial office building or the solar energy company.

Amy R. Webber**I-16-158**

An official who is a former employee of a non-profit will be required to disqualify from making, participating in making, or influencing a decision if the official's former employer is explicitly involved in the decision, or if the decision will result in a measureable financial benefit or loss to the employer.

Robert Rath**A-16-160**

A planning commission member does not have a conflict of interest in a decision to change the zoning of real property located approximately one mile from his real property interest and business interest, because there would be no reasonably foreseeable financial effect on his financial interests.

Albert S. Yang**A-16-172**

The Act permits Palo Alto public officials, otherwise disqualified from taking part in the decision on whether to amend the City's Downtown Preferential Parking District Pilot Program. The "limited neighborhoods effects" exception in Regulation 18703 applies to the officials. The exception applies because (1) the decision affects residential real property limited to the area of the Downtown RPP District, (2) the decision amends a resolution that restricts on-street parking, (3) the City Council has gathered sufficient evidence to support the need for the action, and (4) there is no apparent unique effect of the decision on any of the officials' interests based on the facts presented.

Thomas T. Watson**A-16-176**

A councilmember may take part in a city council decision to uphold or reverse the denial of a permit for use of a home as a Vacation Home Rental where he owns a 10% interest in a company that manages such properties. Because the company's revenues would increase by less than 1½ percent if it were to get the management contract on the property, the decision would not have a reasonably foreseeable material financial effect on the company.

Gregory G. Diaz**A-16-181**

A councilmember may not participate in city council consideration of decisions on a moratorium on short-term vacation rental uses in the city because she owns a residence in a part of the city

where the vast majority of the vacation rentals are currently operated and has nine within 500 feet of her residence.

Michael J. Maurer

A-16-182(a)

Section 87100 prohibits any public official from making, participating in making, or attempting to influence a governmental decision, in which the official has a financial interest. Generally, however, the Act's conflict of interest requirements apply to individual officials, not public bodies. Thus, Section 87100 does not impose liability on a councilmember for making or participating in making a decision in which another official has a conflict of interest.

Colleen D. Winchester

A-16-189

Based on the "public generally" exception, the councilmember may make, participate in making, and influence the decisions regarding a proposed water rate increase for the customers despite owning property in the area subject to the rate increase. The area subject to the rate increase covers approximately one-third of the properties in the city.

Gifts

Robin Rauch

A-16-163

A payment that benefits a public official but complies with the exception in Regulation 18942(a)(19) is not a reportable gift. The exception requires that: (1) the source of the payment is not a lobbyist registered to lobby the official's agency, (2) the gift was made because of an existing personal or business relationship unrelated to the official's position and (3) there is no evidence whatsoever at the time the gift is made that the official makes or participates in the type of governmental decisions that may have a reasonably foreseeable material financial effect on the individual who would otherwise be the source of the gift.

Lobbying

Marcia L. Scully

A-16-121

Metropolitan Water District was advised that its inspection tours must be reported on Metropolitan's Lobbyist Employer quarterly reports as "Other Payments to Influence Legislative or Administrative Action" when a qualifying reportable state official is a tour guest or when the tours are aimed at influencing state legislative or administrative action. The total amount of the Activity Expenses reported can be pro-rated to reflect the total activity costs for only the state qualifying officials present on a tour. If the costs of inspection tours are required to be reported under "Other Payments to Influence Legislative or Administrative Action," and the payment for the transportation is necessary for the tour to take place at all, the entire cost of the transportation for the tour must be reported regardless of the ratio of qualifying officials to non-qualifying officials.

Revolving Door

Robert M. Fill

I-16-149

The Act's post-employment provisions do not prohibit a retired state official from working for a private consulting firm that currently contracts with the official's former agency. However,

restrictions under the Act's one-year ban and permanent ban would apply. If the official works for a private firm and returns as a retired annuitant with his former agency, the Act's conflict of interest rules would apply instead, and will restrict him from making, participating in making, or using his position to influence a governmental decision at the agency with a reasonably foreseeable and material financial effect on the private firm that is also a source of income to him.

Statements of Economic Interests

Matthew Lewis

A-16-159

A planning commissioner with an irrevocable future right to receive income or principal from a trust as defined in Regulation 18234(c)(2)(B) has an interest in the trust for purposes of the Act and is required to report interests held by the trust, including interests in real property, sources of income, and investments, to the extent that the interests are reportable.

Section 1090

Leon J. Page

A-16-037

Orange County utilizes a steering committee and a multidisciplinary team to determine funding for programs to serve Commercially Sexually Exploited Children. Under Section 1090, Orange County may enter into contracts with the employers of members of the steering committee or the multidisciplinary team. Under a limited exception to Section 1090, it is permissible for a public officer having a financial interest in a contract to participate in the making of the contract where the enabling legislation requires or contemplates such participation. The individuals are not "public officials" subject to the Act's conflict of interest provisions because in their advisory capacity, they do not have the ability to make a final decision, compel or prevent a decision, or make substantive recommendations that are, over an extended period, regularly approved without significant amendment or modification.

Daniel Robertson

A-16-119

Legal Counsel sought advice on behalf of Girls Athletic Leadership Schools Los Angeles (GALS). We advised that neither the Act nor Section 1090 prohibit the Executive Director of GALS from donating a license to use curriculum she has created to GALS. This is because she has no financial interest in the decision. The Executive Director will not be receiving any compensation for donating the curriculum to the school and nothing in the facts provided suggest that the product's value will in any way be enhanced by allowing GALS to use the curriculum for free. Therefore, the Executive Director does not have a conflict under the Act or Section 1090.

Daniel G. Sodergren

A-16-155

Where Costco was the only "club retail" entity involved in a development zone, Mayor Thorne's ownership of 24 shares of stock in Costco (valued at \$2,000 or more) constitutes a prohibited conflict of interest under the Act in the Economic Development Zone Johnson Drive approvals and in any permit or land use applications related to Costco. Section 1090 does not bar Mayor Thorne's participation, as his financial interest (Costco stock) is a non-interest pursuant to Section 1091.5(a)(1).

Stacey Fulhorst

A-16-156

Section 1090 does not prohibit a member of the City of San Diego's Commission for Arts and Culture from executing a service contract with a nonprofit tax exempt organization, despite serving as an uncompensated member of the board of directors of the organization. The noninterest exception set forth in Section 1091.5(a)(8) applies. This noninterest exception is applicable so long as the organization, as one of its primary purposes, supports the functions of the City, and the member's interest is noted in the Commission's official records.

Heather L. Stroud

A-16-164

Section 1090 does not prohibit the city from contracting with a construction company for a maintenance project at a historical park, notwithstanding the fact that the company was previously hired to conduct a historic structure maintenance assessment for the project, because the company did not exert considerable influence over the city's contract by performing the maintenance assessment.

David R. Brunner

A-16-168

Section 1090 prohibits the City of Carlsbad from entering into a contract with the Center for Natural Lands Management (CNLM) to implement the 2017-2021 Preserve Management Plan for the Carlsbad Preserves Preserve Area (2017-2021 PMP) because the CNLM prepared the 2017-2021 PMP pursuant to its contract with the City to implement the 2012-2016 PMP for that Preserve Area. However, because the CNLM is a bona fide nonprofit, tax-exempt corporation with primary purposes of conserving, preserving, or restoring natural lands, the City may enter into the contract with the CNLM to implement the 2017-2021 PMP pursuant to the noninterest exception set forth in Section 1091.5(a)(12), if the City finds, prior to entering the contract or as a provision of it, that the services to be provided by the CNLM under the contract are necessary to the public interest and serve the public purposes of planning for, acquiring, protecting, conserving, improving, or restoring natural lands.

Moses Diaz

A-16-170

Section 1090 prohibits the City of Farmersville from entering into a construction management agreement for a wastewater treatment plant project with QK. QK was the acting City Engineer and consultant to the City that provided advice and the design work for the wastewater treatment plant before the construction management agreement was put out for bid.

John C. Cotti

A-16-178

The named officials may not participate in the decision to settle potential litigation between the city and the HOA in which they live since they have a financial interest in the settlement based on potential liability to members of the association. However, the rule of necessity allows the city to enter into the settlement agreement so long as the named officials abstain. If a quorum is no longer available due to the Section 1090 conflicts of interest, the minimum necessary number of conflicted members may participate (chosen randomly).

John McCann

A-16-184

The Act prohibits a Chula Vista City Councilmember, employed in his private capacity by Sharp HealthCare, from taking part in governmental decisions relating to a hospital expansion project because the decisions will have a reasonably foreseeable material financial effect on his financial interest in Sharp HealthCare as a source of income. The Act also prohibits the Councilmember from appearing as a member of the general public with respect to those decisions, or making any contacts or appearances before a City official or employee regarding the project. Section 1090 prohibits the Councilmember from making or participating in the making of potential development agreements relating to the project. However, the City may enter into those agreements pursuant to the remote interest exception set forth in Section 1091(b)(1) so long as the Councilmember complies with the abstention requirements of Section 1091(a).

Paula Deel

A-16-188

The Act prohibits a community service district board member from taking part in a governmental decision on whether to pay an invoice for products or services purchased from Deel Plumbing, Heating & Air Conditioning, a local multi-purpose business that sells hardware and feed among other items. This is because such a decision would have a reasonably foreseeable material financial effect on the board member's financial interest in that business. Although the board member has a conflict under the Act, Section 1090 would not prohibit the community service district board member from taking part in a decision on whether to pay an invoice for urgently needed hardware or feed purchased from that business, nor the district from paying that invoice, because those individual retail transactions are not of the type of decision that Section 1090 was designed to preclude, and in any case, those urgently needed purchases would be authorized pursuant to the rule of necessity because the next nearest hardware store is 22.7 miles away.

E. Miscellaneous Decisions

None to report.

F. Upcoming Regulations

November 17, 2016: 2017-2018 Consumer Price Index (CPI) Adjustment to Gift Limit and Contribution and Expenditure Limits. Section 89503(f) requires CPI adjustments to the gift limits, affecting Regulations 18700, 18730 and 18940.2. Section 83124 and Regulation 18544 require CPI adjustments to the contribution limits and voluntary expenditure ceiling amounts, affecting Regulation 18545.

G. Conflict of Interest Codes

Adoptions and Amendments

Exemptions and Extensions

Multi-County Agency Conflict of Interest Codes

Exemption

- Antelope Elementary School District
- Contra Costa and Solano Counties School Districts' Liability/Property SIA JPA

- None

Extension

- Los Gatos-Saratoga Joint Union High School District
- Modoc County Office of Education
- Northern California Schools Insurance Group
- Paratransit, Inc.
- Riverside-Corona Resource Conservation District
- Sites Joint Powers Authority
- Superior California Economic Development District
- Tahoe City Public Utility District
- Valley Insurance Program Joint Powers Agency
- California Environmental Protection Agency, California-Mexico Border Relations Council

State Agency Conflict of Interest Codes

- State Water Resources Control Board

H. Probable Cause Decisions

** Please note, a finding of probable cause does not constitute a finding that a violation has actually occurred. The respondents are presumed to be innocent of any violation of the Act unless a violation is proven in a subsequent proceeding.*

1. In the Matter of Douglas Hanson, Committee to Re-Elect Mayor Doug Hanson to Indian Wells City Council 2012, and M. Elena Hanson, FPPC Nos. 14/549 and 14/775.

On September 15, 2016, after hearing, probable cause was found to believe that the named Respondents committed nine violations of the Political Reform Act, as follows:

COUNT 1: On or about July 17, 2014, at a closed session meeting of the Indian Wells City Council that was held pursuant to the Brown Act, one of the agenda items called for a confidential conference with the city's legal counsel regarding anticipated litigation. The matter involved a claim for damages against the city and certain officials for defamation. The claimant, Randall Nolen, alleged that he falsely had been accused of criminal activity in connection with anonymous "hit piece" mass mailers that opposed six candidates for Indian Wells City Council in 2012. The purpose of the closed session was to allow the council to have a confidential, frank discussion with the city attorney before deciding how to proceed on the claim. Some council members wanted to discuss Councilmember Hanson's relationship with Nolen and Councilmember Hanson's potential involvement with the "hit piece" mailers. The council members were entitled to discuss these matters with the city attorney because the truth is a defense to defamation. Councilmember Hanson was required to recuse himself and leave the room because he had a landlord-tenant relationship with the claimant, Nolen, who was a source of income to Councilmember Hanson. Hence, Councilmember Hanson had a conflict of interest in

the discussion and decision-making process. Although Hanson recused himself from voting, he refused to leave the room—even when he was asked/told to leave and told words to the effect that he should not be there due to his conflict of interest (by City Attorney Deitsch, Mayor Mertens, Councilmember Mullany, and Councilmember Roche). This had a chilling effect on any discussion of the Nolen claim by the other council members—who were unwilling to discuss the matter in the presence of Councilmember Hanson due to his conflict of interest and relationship with the claimant. In this way, Councilmember Hanson violated the disqualification/recusal procedure set forth in Section 87105 and Regulation 18702.5 (as it was in effect in 2014), which provide, among other things, that a public official with a conflict of interest or a potential conflict of interest must not be present when the decision is being considered in closed session or knowingly obtain or review a recording or any other non-public information regarding the governmental decision.

- COUNT 2: On or about July 31, 2012, Councilmember Hanson, his committee, and Mrs. Hanson filed a semi-annual campaign statement for the reporting period of January 1 through June 30, 2012 (mistakenly denoted by them as the reporting period of May 29 through June 30, 2012), but they failed to comply with the Act's campaign reporting requirements in multiple ways. This included failure to properly report: committee expenditures totaling approximately \$1,117 and a contribution/loan from Councilmember Hanson to his committee in the approximate amount of \$977. In this way, Councilmember Hanson, his committee, and Mrs. Hanson violated Section 84211.
- COUNT 3: On or about October 5, 2012, Councilmember Hanson, his committee, and Mrs. Hanson filed a pre-election campaign statement for the reporting period of July 1 through September 30, 2012, but they failed to comply with the Act's campaign reporting requirements in multiple ways. This included failure to properly report: a contribution from Councilmember Hanson to his committee in the amount of \$2,000, receipt of non-monetary/in-kind contributions worth at least \$2,015, and a committee expenditure in the amount of \$200. In this way, Councilmember Hanson, his committee, and Mrs. Hanson violated Section 84211.
- COUNT 4: On or about October 25, 2012, Councilmember Hanson, his committee, and Mrs. Hanson filed a pre-election campaign statement for the reporting period of October 1 through October 20, 2012, but they failed to comply with the Act's campaign reporting requirements in multiple ways. This included failure to properly report: accrued expenses totaling approximately \$4,196, contributions/loans from Councilmember Hanson to his committee totaling at least \$1,638, committee expenditures totaling at least \$1,367, and reimbursement to Mrs. Hanson in the amount of \$310. In this way, Councilmember Hanson, his committee, and Mrs. Hanson violated Section 84211.
- COUNT 5: On or about October 26, 2012, Councilmember Hanson's committee received a contribution in the amount of \$1,000 from Donna McMillan. Councilmember Hanson, his committee, and Mrs. Hanson were required to report receipt of this

contribution by filing a late contribution report (Form 497) within 24 hours, but they failed to do so—in violation of Section 84203.

- COUNT 6: On or about January 31, 2013, Councilmember Hanson, his committee, and Mrs. Hanson filed a semi-annual campaign statement for the reporting period of October 21 through December 31, 2012 (mistakenly denoted by them as the reporting period of October 1 through December 31, 2012), but they failed to comply with the Act's campaign reporting requirements in multiple ways. This included failure to properly report: campaign expenditures totaling at least \$5,236, contributions/loans from Councilmember Hanson to his committee totaling at least \$2,659, and reimbursement to Mrs. Hanson in the approximate amount of \$238. In this way, Councilmember Hanson, his committee, and Mrs. Hanson violated Section 84211.
- COUNT 7: In connection with Councilmember Hanson's candidacy for re-election to the Indian Wells City Council in 2012, Hanson paid multiple committee expenditures (totaling at least \$4,775) with personal funds, which were not first deposited into the committee's single, designated campaign bank account. He claimed these payments were loans/contributions from himself to his committee. In this way, Councilmember Hanson violated Section 85201.
- COUNT 8: In connection with Councilmember Hanson's candidacy for re-election to the Indian Wells City Council in 2012, Councilmember Hanson and his committee violated the Act's prohibition against cash contributions and expenditures in multiple ways. This included Hanson's use of personal cash to make multiple expenditures on behalf of the committee (totaling approximately \$1,048). Each payment was in excess of \$100, and each payment was a cash contribution from Councilmember Hanson to his committee. Also, Councilmember Hanson made a committee expenditure in the amount of \$200 via a check made payable to "CASH." In this way, Councilmember Hanson and his committee violated Section 84300, subdivisions (a) and (b).
- COUNT 9: In connection with Councilmember Hanson's candidacy for re-election to the Indian Wells City Council in 2012, Councilmember Hanson, his committee, and Mrs. Hanson failed to maintain (for a period of four years following the filing of each applicable campaign statement) detailed accounts, records, bills, and receipts necessary to prepare campaign statements, establish that campaign statements properly were filed, and to otherwise comply with Chapter 4 of the Political Reform Act. This included, but was not limited to, failure to maintain accounts, records, and original source documentation regarding several contributions/loans that Councilmember Hanson made to his own committee in 2012 (which totaled in excess of \$5,000) and several committee expenditures (totaling approximately \$1,427). In this way, Councilmember Hanson, his committee, and Mrs. Hanson failed to comply with the Act's recordkeeping requirements in violation of Section 84104 and Regulation 18401.

The following matters were decided based solely on the papers. The respondents did not request a probable cause hearing.

2. In the Matter of Roberto Reyes, FPPC No. 16/160.

On August 15, 2016, probable cause was found to believe that the named Respondent committed two violations of the Act, as follows:

COUNT 1: Respondent Roberto Reyes, a Richmond city planning commissioner, failed to timely file a 2014 Annual SEI, due by April 1, 2015, in violation of Sections 87200 and 87203.

COUNT 2: Respondent Roberto Reyes, a Richmond city planning commissioner, failed to timely file a Leaving Office SEI within thirty days of leaving the planning commission in April 2015, in violation of Sections 87200 and 87204.

3. In the Matter of Kevork N. “George” Ashkharian, Case No. 14/876.

On September 20, 2016, probable cause was found to believe Respondent committed the following violations of the Act:

COUNTS 1 - 25: In 2013, as an Assistant Claims Manager for the State Compensation Insurance Fund, Mr. Ashkharian directly negotiated and settled 25 unpaid medical liens with Radstar, a subsidiary of Global Holdings, for which he signed 25 Confirmation of Settlement forms at a time when Global Holdings was a source of income to him as his wife’s employer.

As an Assistant Claims Manager for SCIF, Mr. Ashkharian was a public official. By negotiating and settling liens and signing the Confirmation of Settlement forms, Mr. Ashkharian made governmental decisions because he obligated or committed his agency to pay Radstar, and entered into 25 contractual agreements on behalf of his agency. On the date of each of the 25 decisions, Mr. Ashkharian had an interest in Radstar because Radstar was a subsidiary of Global Holdings, which was a source of income to him as his wife’s employer. Mrs. Ashkharian received more than \$1,000 from Global Holdings within 12 months of the 25 decisions, so Mr. Ashkharian’s community property share in her income from Global Holdings was more than \$500 within 12 months of the 25 decisions. Radstar was directly involved in the 25 governmental decisions because Radstar was the lien claimant for each of the 25 settled liens. Since Radstar was directly involved in the 25 governmental decisions, the financial effect of the governmental decisions was presumed to be material. And it was reasonably foreseeable that the governmental decisions would have a material financial effect on Radstar because SCIF was obligated to pay Radstar the amounts stated in the 25 Confirmation of Settlement forms Mr. Ashkharian signed.

Therefore, in 2013 Mr. Ashkharian made 25 governmental decisions, as detailed in the chart above, in which he had a financial interest, violating Government Code section 87100.

- COUNT 26: Mr. Ashkharian, as a designated employee of SCIF, failed to disclose his wife's salary from Global Holdings in his 2012 Annual SEI, in violation of Government Code Section 87207, subdivision (a).
- COUNT 27: Mr. Ashkharian failed to file a leaving office SEI by the due date of May 13, 2014, in violation of Government Code sections 87300 and 87302, subdivision (b).

III. EXTERNAL AFFAIRS AND EDUCATION DIVISION

STAFF: TARA STOCK, MANAGER

Phone Advice Requests

The External Affairs and Education Division responded to 1,065 requests for advice via phone in September.

Workshops and Webinars

Political Reform Consultants presented the following webinars, workshops, and outreaches:

- John Kim, workshop for candidates and treasurers in Monterey County
- Alex Castillo, workshop for campaign filing officers in Monterey County
- Deborah Hanephin and Senior Commission Counsel Sukhi Brar, workshop on gifts, honoraria, and travel payments for high-level officials at the State Treasurer's office
- Deborah Hanephin, workshop on gifts, honoraria, and travel payments for prison Wardens at the California Department of Corrections and Rehabilitation
- Glen Bailey and Alex Castillo, webinars for local general purpose committees and campaign filing officers
- John Kim and Deborah Hanephin, webinar for candidates and treasurers
- Alex Castillo and Glen Bailey, outreach for new clerk in Nevada County

Filing Schedules

Division staff is currently drafting filing schedules for the March, June, and November 2017 local elections. Staff has also created several filing schedules for local jurisdictions holding special elections on other dates in 2017.