

1 Adopt 2 Cal. Code Regs. Section 18438.7 as follows:

2 **§ 18438.7. Prohibitions and Disqualification Under Section 84308.**

3 (a) Knowledge of a Financial Interest. An officer knows or has reason to know that a  
4 participant has a financial interest in a decision only if the officer has actual knowledge of the  
5 financial interest, or the participant reveals facts in written or oral statements during the  
6 proceeding before the officer that make the person’s financial interest apparent.

7 (1) In determining whether facts revealed by a participant in written or oral support or  
8 opposition before the officer have made the participant’s financial interest apparent, all relevant  
9 facts known by the official at the time of the decision must be considered including, but not  
10 limited to, the specificity with which the participant has described their economic interests, the  
11 potential for a material financial effect on those interests as a result of the decision, and the  
12 likelihood of such a financial effect.

13 (2) Notwithstanding subdivision (a)(1), an official has reason to know of a participant’s  
14 potential financial interest and must inquire into any additional facts necessary to determine if it  
15 is reasonably foreseeable the decision will have a material financial effect on the interest if,  
16 during the proceeding and before the officer, the participant indicates:

17 (A) The participant has an interest in property located within 500 feet of the real property  
18 at issue in the proceeding;

19 (B) The participant has an economic interest in a business entity that may see a significant  
20 increase or decrease in customers as a result of the proceeding; or

21 (C) The participant has a business relationship with the applicant that may result in  
22 additional services provided to the applicant.

23 (3) An officer does not know or have reason to know of a participant’s financial interest  
24 in a decision solely as a result of the participant identifying an economic interest located in the

1 general vicinity of a business entity or real property at issue in the proceeding.

2 (b) Willful or Knowing Receipt of a Contribution. For purposes of Section 84308(c), an  
3 officer may not make, participate in making, or in any way attempt to use the officer’s official  
4 position to influence the decision if the officer willfully or knowingly received a contribution  
5 from a party, or participant with a financial interest, in the proceeding.

6 (1) An officer willfully or knowingly received a contribution if:

7 (A) The officer has actual knowledge of the contribution;

8 (B) The contribution has been disclosed by the party pursuant to Section 84308(e); or

9 (C) The officer is aware of facts establishing other reasons to know of the contribution  
10 including, but not limited to:

11 (i) The party, participant, or another person has otherwise informed the officer that a  
12 contribution or contributions have been made to the officer;

13 (ii) The party or participant has previously made a contribution of more than \$250 to the  
14 officer;

15 (iii) The officer personally solicited the party or participant for a contribution; or

16 (iv) The officer personally accepted a contribution from the party or participant.

17 [Option 1] (2) An officer, without actual knowledge of a contribution from a party or  
18 participant with a financial interest, does not have reason to know of the contribution based  
19 solely on the fact that the contribution was previously reported under the Act’s reporting  
20 provisions.

21 [Option 2] An officer has reason to know of a contribution previously reported under the  
22 Act’s reporting provisions, by a party in a proceeding noticed on an agenda for a public meeting  
23 before the body or board.

24 (3) As used above, the phrase “make, participate in making, or in any way attempt to use

1 the officer’s official position to influence the decision” has the same meaning as specified in  
2 Regulation 18704.

3 (c) Return of Contribution. For purposes of Section 84308(d)(1), an officer can return a  
4 contribution if:

5 (1) The contribution was received from a party prior to the officer knowing or having  
6 reason to know that a proceeding involving the party had commenced. For purposes of this  
7 provision, an officer serving on a governing body or board knows or has reason to know a  
8 proceeding involving the party has commenced if the proceeding has been noticed on the agenda  
9 for a public meeting of the body or board; or

10 (2) The contribution was received from a participant prior to the officer knowing or  
11 having reason to know that the participant had a financial interest in the proceeding.

12 (d) Taking Part in Proceeding prior to Return of Contribution. An officer serving on a  
13 governing body or board, otherwise disqualified under Section 84308 from taking part in a  
14 proceeding, may take part in the proceeding prior to returning the contribution if all of the  
15 following criteria are met:

16 (1) The decision is made at a public meeting of the governing body or board.

17 (2) The officer has known or had reason to know about the contribution for less than two  
18 working days prior to the public meeting.

19 (3) Upon learning of the contribution or proceeding and prior to taking part in any further  
20 discussion or decision, the officer discloses the fact of the disqualifying contribution on the  
21 record of the proceeding, as required by Section 84308(c), and confirms that the return will occur  
22 within two working days; and

23 (4) The contribution is returned within the two working days following the date of the  
24 public meeting.

- 1 Note: Authority cited: Section 83112, Government Code. Reference: Section 84308,
- 2 Government Code.