Proposal to Amend Conflict of Interest Regulation 18703.1 and Adopt Regulation 18700.3 defining “Parent, Subsidiary, or Otherwise Related Business Entity” under Section 82034 defining “Investment” Interest

Staff of the Fair Political Practices Commission will be holding an interested persons meeting to solicit public input relating to amending the Act’s conflict of interest regulations pertaining to what constitutes a “parent, subsidiary, or otherwise related business entity” for purposes of defining when an investment interest is doing business in California. Section 82034 defines investment interest and requires the Commission to “specifically define” this term by regulation. (See Section 82034 and Regulation 18703.1). The current regulation goes beyond merely defining the term and identifies “parent, subsidiary, or otherwise related business entity” as separate economic interest outside of the economic interest listed in the statute (see Section 87103.) The Act clearly indicates that these terms are to be defined for the sole purpose of determining when a business entity is doing business in or owns property within the jurisdiction, not to create a separate economic interest in separate entities in which an official has no investment interest.

An additional problem with the existing language is that, aside from going beyond the authorization provided by statute, the language it offers from determining when a business entity is “otherwise related” raises a multitude of application problems and makes it extremely difficult to determine when and if it should be applied. This raised problems for both the Legal Division in providing advice and the Enforcement Division in determining when the regulation can be applied to its action.

You can review the noticed language of the proposed regulations. The Commission is scheduled to consider the regulations at its July 17, 2014 meeting and updated regulatory language will be available and posted on the Commission’s website prior to that meeting.

The Commission welcomes your comments on the proposed regulations and invites you to participate in the interested persons meeting.

☐ You may participate in this interested persons meeting in person (at the Commission's offices).
☐ You may participate in this interested persons meeting remotely through gotowebinar.com. To participate remotely, please register for FPPC Interested Persons Meeting - Proposal to Amend Conflict of Interest Regulation 18703.1 and Adopt 18700.3 defining “Parent, Subsidiary, or Otherwise Related Business Entity” under Section 82034 defining “Investment” Interest on June 17, 2014 2:00 PM PST at:

https://attendee.gotowebinar.com/register/7344122305946544641

After registering, you will receive a confirmation email containing information about joining the webinar.

☐ You may also listen to this interested persons meeting by teleconference by calling (888) 751-0624; access code 723284.

Finally, the Commission also invites written comments addressing these topics. For questions about participating in this meeting, please contact Virginia Latteri-Lopez at (916) 322-5660. For comments on the proposed regulations, please contact Senior Commission Counsel Bill Lenkeit at (916) 322-5660 with comments on these issues or questions about the meeting.