State of California
Fair Political Practices Commission
P.O. BOX 807 • SACRAMENTO, 95804 ••• 1100 K STREET BUILDING, SACRAMENTO, 95814
Technical Assistance (916) 322-5662 •• Administration 322-5660 •• Executive/Legal 322-5901 •• Enforcement 322-6441 •• Statements of Economic Interest 322-6444

March 21, 1985

Thomas C. Stickel
Chairman, Chief Executive Officer
T.C.S. Financial Services, Inc.
3878 Old Town Avenue, Suite 202
San Diego, CA 92110

Re: Your Reporting Responsibilities as a Member of the California State University Board of Trustees
Our File No. A-85-063

Dear Mr. Stickel:

Thank you for your kind letter. This letter will confirm our telephone advice to you of March 19, 1985. We have reviewed your Assuming Office Statement and have discussed your disclosure categories and other relevant matters with the General Counsel's Office of the California State University System ("CSU"), in order to better assist you in determining your reporting obligations.

In addition to being the Chairman and Chief Executive Officer of T.C.S. Financial Services, Inc. ("T.C.S."), you are also an owner of 10 percent or more of T.C.S. Consequently, sources of income to T.C.S. are considered sources of income to you on a pro rata basis. (Government Code Section 82030(a).) These sources may be reportable on your Statement of Economic Interests pursuant to Government Code Sections 87207(b) and 87302(b) whenever any source of income to T.C.S. provides T.C.S. with sufficient income so that your pro rata share equals or exceeds $10,000 during the reporting period. These sources of income need be reported only if they also fit within one of the disclosure categories in the CSU Conflict of Interest Code assigned to your position as trustee.[1]

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[1] The text of the applicable disclosure categories from the CSU Code is attached hereto as Attachment "A".

You have advised us that T.C.S. places large sums of money ($100,000) into certificates of deposit for various organizations, businesses and individuals. In return for doing this, T.C.S. receives a fee from the bank or savings and loan into which the funds were deposited. T.C.S. places many hundreds of these certificates during the course of a year. Consequently, the fees paid to T.C.S. by a major bank, such as Bank of America, may reach a level sufficient to cause your pro rata share of those fees to equal or exceed $10,000, during a reporting period.

In reviewing your disclosure categories with the CSU General Counsel's Office, it appears that the disclosure category most applicable to your circumstances is Category "9" (see Attachment "A"). The CSU General Counsel's Office advises that under the State Administrative Manual ("SAM"), Section 8031, the following banking institutions are the only ones which could trigger disclosure pursuant to Category "9".

Bank of America
Bank of California
Crocker Bank
First Interstate Bank
Lloyd's of California
Security Pacific
Union Bank
Wells Fargo

If any of the foregoing paid fees to T.C.S. during the period March 26, 1984[2/] through December 31, 1985, totalling a sufficient amount so that your pro rata share was $10,000 or more, then you must disclose only the name of that banking institution on Schedule H of your Form 730, Statement of Economic Interests.

In response to your specific concern, the placement of certificates of deposit on behalf of student body organizations and other organizations auxiliary to CSU does not trigger disclosure because the amount of fees generated from any one depositor is well below the $10,000 threshold and because these organizations are legally separate and distinct from CSU and not subject to any control by its Board of Trustees.

2/ This is the date of your last Statement of Economic Interests, filed when you assumed office; your annual report in 1984 covers only the period since your last statement and the end of the year.

Should you have any further questions regarding your reporting responsibilities please do not hesitate to contact this office; I may be reached at (916) 322-5901.

Sincerely,

Robert E. Leidigh
Counsel
Legal Division

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Enclosure

CONFLICT OF INTEREST CODE FOR THE CALIFORNIA STATE UNIVERSITY AND COLLEGES

APPENDIX

Headquarters Office

Designated Position	Disclosure Category
Trustee*	1,2,3,4,6,8,9
Chancellor	1,2,3,4,6,8,9
Executive Vice Chancellor	1,2,3,4,6,8,9
Vice Chancellor, Academic Affairs	1,2,4,6,8,9
Vice Chancellor, Administrative Affairs	1,2,3,4,6,8,9
Administrative Service Officer	4,10,11,13
Purchasing Officer	11
Chief, Auxiliary and Business Services	2,7,9,14
Assistant Chief, Auxiliary and Business Services	2,7,9,14
Financial Advisor	9
Financial Management Specialist	2,7,8,9,14
Senior Administrative Analyst	2,7,14
Associate Administrative Analyst	2,7,14
Assistant Administrative Analyst	2,7,14
Vice Chancellor, Business Affairs	1,2,3,4,6,8,9
Assistant Vice Chancellor, Business Affairs	2,8,9
State University Dean, Continuing Education	2,5
Director, Consortium	2,5
State University Dean, Educational Programs and Resources	3,5
Vice Chancellor, Faculty and Staff Affairs	1,2,3,4,6,8,9
Faculty and Staff Development	5
State University Fiscal Officer, Fiscal Management	5,9
Director, Governmental Affairs	5
Director, Information Systems	5
Associate Director, Information Systems	5
State University Dean, Institutional Research	5
Director, International Programs	5
General Counsel	1,2,3,6,8,9,14
Associate General Counsel	1,2,3,6,8,9,14
Assistant General Counsel	1,2,3,6,8,9,14
State University Counsel I-IV	1,2,3,6,8,9,14
Director, Library Development	5
State University Dean, New Program Development and Evaluation	5
Management Services Specialist (Personnel Officer)	5
State University Dean, Student Affairs	5
Assistant Vice Chancellor, Physical Planning and Development	1,2,3,4,6,8,9
Chief Architect, Physical Planning and Development	1,2,3,8
Chief University Facility Planner	1,3
University Facility Planner	1,3
Construction Engineer, Contract Management	2,5,8
Director, Public Affairs	5
Chairman, Statewide Academic Senate	5,15
Chief, Trustees' Internal Audit Staff	2,4,6,8,9

*Ex officio members of the Board of Trustees who serve as such due to their elected state offices are excluded by the Act (see last sentence of Government Code Section 87302(b)).

DO NOT WRITE IN THIS SPACE

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DISCLOSURE CATEGORIES

Cateogy "1":

Interests in real property located in whole or in part within the master plan of the campus or which in the future foreseeably may be included in the master plan of the campus. For designated employees of a University or College of the California State University and Colleges, "the campus" shall mean the University or College of the employee's service. For designated employees in the headquarters office, "the campus" shall mean each University or College of the California State University and Colleges.

Category "2":

Interests in real property which within the last two years have been the subject of a lease or license with the campus for valuable consideration or have been otherwise made the subject of a contract with the campus for valuable consideration or which in the future foreseeably may be so leased, licensed, or otherwise made the subject of a contract with the campus. For designated employees of a University or College of the California State University and Colleges, "the campus" shall mean the University or College of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each University or College of the California State University and Colleges and the headquarters office.

Category "3":

Interests in real property and investments in business entities. and income from sources located in whole or in part within two miles of the campus or within two miles of any land owned or used by the University or College. For designated employees of a University or College of the California State University and Colleges, "the campus" shall mean the University or College of the employees' service. For designated employees in the headquarters office. "the campus" shall mean each University or College of the California State University and Colleges.

Category "4":

Investments in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the campus to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the campus. For designated employees of a University or College of the California State University and Colleges, "the campus" shall mean the University or College of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each University or College of the California State University and Colleges and the headquarters office or any or all of these.

Category "5":

Investments in any business entity or income from any source which, within the last two years. has contracted or in the future foreseeably may contract with the campus to provide supplies. materials. including books and periodicals, machinery, equipment, services or work of the type utilized by the school, department, or area for which the designated employee has decision-making authority or for which the designated employee participates in the making of the decision. For designated

employees of a University or College of the California State University and Colleges, "the campus" shall mean the University or College of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each University or College of the California State University and Colleges and the headquarters office or any or all of these.

Category "6":

Investments in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the campus to purchase agricultural commodities or other products which are sold by the campus. For designated employees of a University or College of the California State University and Colleges, "the campus" shall mean the University or College of the employees' service.

Category "7":

Investments in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the campus to perform construction work within the estimated cost limitation provided in the first paragraph of Education Code Section 25205 or to perform services in connection with such construction work or which, within the last two years, has contracted or in the future foreseeably may contract as a subcontractor or supplier for such construction work or which, within the last two years, has contracted or in the future foreseeably may contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor. For designated employees of a University or College of the California State University and Colleges, "the campus" shall mean the University or College of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each University or College of the California State University and Colleges and the headquarters office or any or all of these.

Category "8":

Investments in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the California State University and Colleges to perform construction work under the State University and Colleges Contract Law (Education Code Sections 25200 *et seq.*) or to perform services in connection with such construction work or which, within the last two years, has contracted or in the future foreseeably may contract as a subcontractor or supplier for such construction work or has contracted or in the future foreseeably may contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.

Category "9":

Investments in any business entity or income from any source in which, within the last two years, the campus has invested funds or which in the future the campus foreseeably may invest funds. For designated employees of a University or College of the California State University and Colleges, "the campus" shall mean the University or College of the employees' service. For designated employees in the headquarters office, "the campus" shall mean the headquarters office.

Category "10":

Interests in real property which within the last two years have been the subject of a lease or license with the headquarters office for valuable consideration or otherwise have been made the subject of

DO NOT WRITE IN THIS SPACE

T.C.S. Financial, Inc.

3878 Old Town Avenue, Suite 202 • San Diego, California 92110 (619) 299-4000

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March 5, 1985

Barbara A. Milman, Esq.
General Counsel
State of California
Fair Political Practices Commission
P.O. Box 807
Sacramento, California 95804

Dear Ms. Milman:

Enclosed please find copies of correspondence from various sources, including yourself.

As you will note, there appears to be the possibility that a difference of opinion may exist between your department and that of the California State University's General Counsel regarding what my reporting responsibilities may or may not be.

I am mindful of the fact that I should go to extremes, if necessary, to avoid any possible perception of a conflict of interest. As you will note from my previous correspondence, I take seriously the responsibility of making every effort to report as accurately and openly as possible.

Having had the opportunity to work with FPPC investigators on other matters, and having a great deal of respect for your commission and Dan Stanford, I wanted to be certain that I am not inadvertantly failing to comply.

Your review of the enclosed and attention to same, would be greatly appreciated.

Very truly yours,

T.C.S. FINANCIAL, INC.

Tom C. Stickel

TOM C. STICKEL
Chairman
Chief Executive Officer

TCS:jh

Enclosures

State of California

Fair Political Practices Commission

P.O. BOX 807 • SACRAMENTO, 95804 ••• 1100 K STREET BUILDING, SACRAMENTO, 95814

Technical Assistance •• Administration •• Executive/Legal •• Enforcement
(916) 322-5662 322-5660 322-5901 322-6441

October 15, 1984

Tom C. Stickel
Chairman
Chief Executive Officer
T.C.S. Financial, Inc.
3878 Old Town Avenue, Suite 202
San Diego, CA 92110

Dear Mr. Stickel:

Your letter to Mr. Ahrentzen has been forwarded to this office. We appreciate your concern with complying with the Political Reform Act of 1974. For your information, you are not required to amend your Statement of Economic Interests when a business in which you have an interest first begins to do business with San Diego State University. However, you should disclose the interest on your next annual Statement of Economic Interests. In the meantime you should, of course, continue to disqualify yourself from any decisions which might affect the business in which you have an interest.

I am enclosing a copy of a pamphlet we have prepared on conflicts of interest under the Political Reform Act. If you have any questions about the requirements of the Act, please do not hesitate to contact us directly.

Very truly yours,

Barbara A. Milman

Barbara A. Milman
General Counsel

BAM:nwm
Enclosure

T.C.S. Financial, Inc.

3878 Old Town Avenue, Suite 202 • San Diego, California 92110 (619) 299-4000

February 21, 1985

Mr. Bruce M. Richardson, Esq.
Associate General Counsel
California State University
400 Golden Shore
Long Beach, California 90802

Dear Mr. Richardson:

Pursuant to our phone conversation today regarding disclosure information due annually and reported to the State Fair Political Practices Commission, I am forwarding to you information which you believe does not need to be reported on the State of California STD 730 form.

As I mentioned to you, I am the Chairman, Chief Executive Officer, and the largest shareholder of a company I founded called T.C.S. Financial, Inc. The company is a holding company for five separate corporations. One of these companies is known as T.C.S. Capital Management, Inc. Some of the functions of this company include the placement of $100,000 Certificates of Deposit into federally insured financial institutions on behalf of corporations, institutions, and wealthy individuals.

In this regard we placed certificate of deposit transactions related to the California State University 31 separate times. Three times for the San Diego State University Foundation, 26 times for the Associated Students of San Diego State University, and two times for the Associated Students of Chico State University. We also publish and sell a financial institution guide for $297.00, plus $14.00 postage. We sold one such publication to the San Diego State University Foundation.

The total of these transactions equalled $4,669.25. Obviously, this does not constitute a major percentage of our business, nor of the Capital Management company's business. Also, at no time have I, nor would I, attempt to influence any California State University affiliate in an effort to sell our product lines.

I will proceed with your counsel to reply negatively to the questions on the State of California Form STD 730, unless, after your review of this letter, you have a different opinion.

Very truly yours,

T.C.S. FINANCIAL, INC.

Tom C. Stickel

TOM C. STICKEL
Chairman
Chief Executive Officer

TCS:jh

THE CALIFORNIA STATE UNIVERSITY

BAKERSFIELD · CHICO · DOMINGUEZ HILLS · FRESNO · FULLERTON · HAYWARD · HUMBOLDT
POMONA · SACRAMENTO · SAN BERNARDINO · SAN DIEGO · SAN FRANCISCO · SAN JOSE

LONG BEACH · LOS ANGELES · NORTHRIDGE
SAN LUIS OBISPO · SONOMA · STANISLAUS

OFFICE OF GENERAL COUNSEL
(213) 590- 5618

February 26, 1985

Tom C. Stickel
Chairman, Chief Executive Officer
T.C.S. Financial, Inc.
3878 Old Town Avenue, Suite 202
San Diego, California 92110

Re: Conflict of Interest Code Disclosure Requirements; Our File No. L85-231

Dear Mr. Stickel:

We have reviewed your February 21, 1985 letter concerning the financial dealings of T.C.S. Capital Management, Inc. in the placement of certificates of deposit for three California State University auxiliary organizations. These financial dealings do not present a situation requiring disclosure under the California State University Conflict of Interest Code. Your position as a Trustee of the California State University does not place you in a situation where you would make or participate in the making of any decision which would materially affect your personal financial interest in T.C.S. Capital Management, Inc. or its subsidiary companies. Beyond being immaterial in their financial impact (the law requires a "material effect"), these transactions with auxiliary organizations are not transactions with the State University over which the Board of Trustees has authority to dictate. Auxiliary organizations, as you know, are non-State entities governed by independent governing boards which make independent decisions.

While the auxiliary organizations must comply with Board of Trustee policy as codified in the California Administrative Code, those policies are general in nature. Further, two of the three auxiliary organizations you list are student body

OFFICE OF THE CHANCELLOR
400 GOLDEN SHORE, LONG BEACH, CALIFORNIA 90802
INFORMATION: (213) 590-5506

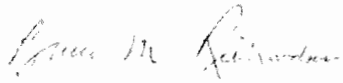
organizations which are governed in the propriety of their investments by legislative enactment in Education Code Section 89301. Although as a Trustee you have authority to establish broad policy governing all auxiliary organizations consonant with the Education Code, you would never be involved in a decision as to which kind of investment an auxiliry oganization should make or which particular financial institution should be engaged in making the investment. That decision would be made by an independent governing board of a non-State entity, the auxiliary organization.

If the Board does consider more specific regulations concerning the ways in which auxiliary organizations invest their monies, you should seek further counsel from this office concerning the possible need to disqualify yourself from making or participating in the adoption of such regulations. General provisions of the Political Reform Act or common law concepts of conflict of interest may require disqualification under special circumstances.

Finally, we should note that although this opinion represents our considered judgment on the matter discussed, you have a right to an opinion of the Fair Political Practices Commission (FPPC) under Sectin 83114 of the Government Code. Reliance on an opinion from the FPPC avoids possibility of criminal or civil penalty "provided the material facts are as stated in the opinion request."

Very truly yours,

MAYER CHAPMAN
Vice Chancellor
and General Counsel



BRUCE M. RICHARDSON
Associate General Counsel

BMR:ll