



# California Fair Political Practices Commission

September 24, 1985

Henry R. Steipel  
Drummy Garrett King & Harrison  
P.O. Box 5080  
Costa Mesa, CA 92628

Re: Campaign Disclosure Obligations  
of Daon Corporation  
(FPPC Advice No. A-85-191)

Dear Mr. Steipel:

This is in reply to your letter dated August 23, 1985, requesting an opinion on behalf of your client Daon Corporation.

Pursuant to your telephone conversation with Barbara Milman, FPPC General Counsel, the Commission will not issue a formal opinion. This reply constitutes advice under Gov. Code Section 83114(b).

The relevant facts as I understand them are that Daon Corporation is considering donating up to \$50,000 to the Carlsbad Chamber of Commerce.<sup>1/</sup> The money that Daon Corporation may give to the Chamber will not be "earmarked" for campaign purposes. Rather, the Chamber may use all or a portion of the money to support or oppose candidates or ballot measures, or it may use all of the money for purposes other than supporting or opposing candidates and measures.

One of Daon Corporation's corporate officers in Carlsbad is a member of the twenty-four person Carlsbad Chamber of Commerce Board of Directors.

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<sup>1/</sup> I do not know whether the Carlsbad Chamber of Commerce has qualified as a "recipient committee." There is no Statement of Organization on file with the Secretary of State's Office. However, an organization which uses all or a portion of the money it receives for "political purposes" is required to register as a committee when it receives or spends \$500 or more in a calendar year. Enclosed for your information is a fact sheet which explains this requirement.

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You have asked the following questions:

1. Is Daon's donation a "contribution" within the meaning of the Political Reform Act, with its accompanying disclosure requirements?
2. What obligations or liabilities, if any, does the Daon corporate officer have?
3. Provided Daon complies with the requirements of the Political Reform Act, is Daon subject to any challenges by "anti-development" third parties (including private citizens) objecting to the donation or its receipt?

The answers to your questions are as follows:

1. Assuming the Chamber of Commerce is a committee, if any portion of the money Daon gives to the Chamber of Commerce is used for "political purposes," i.e., for the purpose of supporting or opposing candidates or ballot measures, Daon has made a reportable contribution to the Chamber of Commerce in the amount which is actually used for that purpose.<sup>2/</sup> The Chamber should notify Daon of the amount which was used for political purposes. Daon will qualify as a major donor "committee" under Gov. Code Section 82013(c) if it makes contributions to or expenditures on behalf of California candidates or political committees totalling \$10,000 in a calendar year. If Daon qualifies as a major donor committee it must file campaign statements disclosing its contributions to the Chamber of Commerce, along with any other contributions and political expenditures it has made.

2. In a telephone conversation last week, you indicated that Mike Ryan, Vice-President of Daon Corporation is also a member of the Carlsbad Chamber of Commerce Board of Directors, and asked me to address Mr. Ryan's obligations or liabilities. Based on the facts presented in your letter and in our telephone conversation, Mr. Ryan has no reporting obligations or liabilities under the Political Reform Act.

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<sup>2/</sup> Committees which use only a portion of their total receipts for "political purposes" must allocate their receipts to determine how much of each person's payment to them constitutes a "contribution." The enclosed fact sheet explains this requirement.

Henry R. Steipel  
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3. We are not able to address your question concerning any provisions of law other than those contained in the Political Reform Act. However, I am not aware of any state law or city ordinance which would subject Daon to a legal challenge based on its contributions to the Chamber of Commerce.

Thank you for your inquiry. Please call me at (916) 322-5662 if you have any questions.

Sincerely,

*Jeanne Pritchard by KT.*  
Jeanne Pritchard  
Chief, Technical Assistance  
and Analysis

JP:kt  
Enclosure

# State of California



# Fair Political Practices Commission

P.O. BOX 807 • SACRAMENTO, 95804 • 1100 K STREET BUILDING, SACRAMENTO, 95814  
107 SOUTH BROADWAY • • • SUITE 7007 • • • LOS ANGELES, 90012

August 27, 1985

Mr. Henry R. Stiepel  
Drummy, Garret, King & Harrison  
P.O. Box 5080  
Costa Mesa, California 92628

Dear Mr. Stiepel:

Thank you very much for your letter dated August 23, 1985 requesting a formal opinion by the Fair Political Practices Commission pursuant to Government Code Section 83114.

I have taken the liberty of forwarding your letter to Barbara Milman, Chief of our Legal Division for reply. Please direct any correspondence or inquires concerning this matter to Miss Milman at P.O. Box 807, Sacramento, California 95804. The telephone number for our legal staff is area code 916/322-5901.

If I can be of any further assistance, please do not hesitate to contact our office.

Sincerely,

HELEN P. ARRIOLA  
Political Reform Consultant

HPA:cv

✓cc: Barbara Milman, Chief  
Legal Division

9/5/85  
I spoke to Stiepel  
and he agreed to  
advise letter instead  
of formal opinion.  
BAM.

DRUMMY GARRETT KING & HARRISON

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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COSTA MESA, CALIFORNIA 92628

AREA CODE 714  
TELEPHONE 850-1800

TELECOPIER (714) 850-4500

IN REPLY  
REFER TO 2928.385

STEPHEN C. DRUMMY  
JOHN C. GARRETT  
JOHN R. KING, JR.  
HOWARD F. HARRISON  
ALAN I. WHITE  
W. DOUGLAS EASTON  
PAUL K. WATKINS  
CLIFFORD D. LOCKS  
RICHARD S. RUBEN  
CHARLES W. PARRET  
KENNETH M. KAPLAN  
DONALD R. HICKMAN  
MARTIN C. GROH  
ROBERT F. MURPHY  
JOHN C. MURPHY

J. SCOTT SCHOEFFEL  
KATHLEEN CAROTHERS PAONE  
DAVID B. CARROLL  
W. BRADFORD FRANCKE  
MICHAEL G. JOERGER  
ALAN J. DROSTE  
TIMOTHY B. AGLER  
KIMBERLY E. SMALL  
JEFFREY M. RICHARD  
HENRY R. STIEPEL  
BARRY J. FINCH  
ALAN B. BERMAN  
JAMES CHIBOUCAS  
CHRISTOPHER L. BLANK  
JAMES WONG, JR.

August 23, 1985

VIA CERTIFIED MAIL -  
RETURN RECEIPT REQUESTED

Ms. Helen Arriolo  
Political Reform Consultant  
Fair Political Practices Commission  
Technical Assistance and Analysis Division  
107 South Broadway, Room 7007  
Los Angeles, California 90012

Re: Request for Opinion Pursuant to Government Code §83114

Dear Helen:

As discussed in our telephone conversation of August 13, 1985, under Government Code Section 83114, we are hereby requesting a formal opinion from the Fair Political Practices Commission on behalf of our client, the Daon Corporation ("Daon"). Daon is a subsidiary of Daon Development, a publicly held Canadian corporation. Daon understands that the opinion is based upon the requirements of the Political Reform Act of 1974 (as amended) and that any immunity under the Act extends only to persons identified in opinion requests. The material facts are as follows:

Daon is the largest land developer doing business within the City of Carlsbad. Daon owns significant parcels of raw land in Carlsbad, which Daon desires to develop within the next several years. One of Daon's corporate officers in Carlsbad is also a member of the twenty-four person Carlsbad Chamber of Commerce (the "Chamber") Board of Directors. The Chamber favors business development in Carlsbad. Daon likewise favors development of raw land, which will benefit the business community. Because of the Chamber's "pro-business development" stance, Daon is considering contributing up to \$50,000 to the Chamber. When the Chamber receives sizable donations that are not earmarked for specific causes (e.g., political campaigns), a staff recommendation for the donation's use is prepared. The donor may or may not be advised of this recommendation. The Board of Directors then votes upon the recommendation. Although the Board of Directors could vote to use the funds for political purposes such as the election of "pro-development" candidates for the City Council, it could also apply the money towards any Chamber or Chamber related project(s). Daon's donation will not be conditioned upon its use for

DRUMMY GARRETT KING & HARRISON

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

Ms. Helen Arriolo  
Fair Political Practices Commission  
August 23, 1985  
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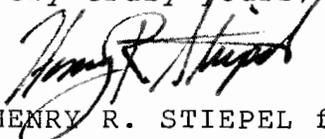
pro-development municipal election campaigns or any other specific purpose. Rather, it will be granted to the Chamber to be used in the Chamber's sole and absolute discretion. The Daon corporate officer plans to abstain from any Chamber decisions concerning use of Daon's donation. The Chamber is a non-profit organization with the goal of promoting Carlsbad business interests. Daon has no knowledge of the Chamber's affiliation with any organized political party or committee.

Daon wishes the Commission to provide an opinion concerning the following issues:

1. Is Daon's donation a "contribution" within the meaning of the Political Reform Act, with its accompanying disclosure requirements?
2. What obligations or liabilities, if any, does the Daon corporate officer have?
3. Provided Daon complies with the requirements of the Political Reform Act, is Daon subject to any challenges by "anti-development" third parties (including private citizens) objecting to the donation or its receipt?

Your prompt attention to this request within the statutory time frames would be greatly appreciated. If you have any questions or if I can be of any assistance, please do not hesitate to call.

Very truly yours,

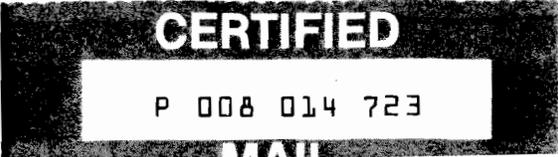
  
HENRY R. STIEPEL for  
DRUMMY GARRETT KING & HARRISON

HRS/jac

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Ms. Helen Arriolo  
Political Reform Consultant  
Fair Political Practices Commission  
Technical Assistance and Analysis Division  
107 South Broadway, Room 7007  
Los Angeles, California 90012





# California Fair Political Practices Commission

September 27, 1985

June S. Christensen  
727 Fredensborg Canyon Road  
Solvang, CA 93463

Re: Your Request for Advice  
Our File No. A-85-192

Dear Ms. Christensen:

Thank you for your letter requesting advice concerning your duties under the Political Reform Act<sup>1/</sup> in the event you become a candidate for public office.

#### QUESTION

As a candidate for the office of county supervisor, what information concerning income to your husband's accounting practice would you be required to disclose?

#### CONCLUSION

As a candidate for the office of county supervisor, you would not be required to disclose any information concerning income to your husband's accounting practice. However, you would be required to disclose any investments and any interests in real property, with the exception of your personal residence, held by you, your husband, or your dependent children, or held by any business entity or trust in which you, your husband, or your dependent children have a 10-percent or greater interest.

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<sup>1/</sup> Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated.

June S. Christensen  
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### DISCUSSION

The Political Reform Act of 1974 was enacted to accomplish, among other things, the following purpose:

Assets and income of public officials which may be materially affected by their official actions should be disclosed and in appropriate circumstances the officials should be disqualified from acting in order that conflicts of interest may be avoided.

Section 81002(c).

Sections 87200-87210 are the specific provisions which govern disclosure of economic interests of members of county boards of supervisors and candidates for that office. Section 87201 provides, in pertinent part:

Every candidate for . . . [the office of county supervisor] shall file no later than the final date of a declaration of candidacy, a statement disclosing his or her investments and his or her interests in real property.

Accordingly, if you become a candidate for the board of supervisors of your county, you would be required to disclose your investments and your interests in real property, but you would not be required to disclose any income you or your husband have received, or the names of any of your husband's clients.

For purposes of the Political Reform Act, the terms "investment" and "interest in real property" include investments or interests in real property valued at \$1,000 or more, by any member of your immediate family (your spouse and dependent children), or by any business entity or trust in which your or any member of your immediate family owns, directly, indirectly, or beneficially, a 10-percent or greater interest. Sections 82033 and 82034. Your disclosure of investments would include only those investments in business entities or trusts which own real property in your county, do business in your county, plan to do business in your county, or have done business in your county at any time during the two years prior to the time of disclosure. Your disclosure of interests in real property would include only those real property interests located in your county, within two miles outside the boundaries of your county, or within two miles of any land owned or used by your county.

If you are required to disclose any investments or any interests in real property, the following information must be provided:

- (a) A statement of the nature of the investment or interest.
- (b) The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged.
- (c) The address or other precise location of the real property.
- (d) A statement whether the fair market value of the investment or interest in real property equals or exceeds one thousand dollars (\$1,000) but does not exceed ten thousand dollars (\$10,000), whether it exceeds ten thousand dollars (\$10,000) but does not exceed one hundred thousand dollars (\$100,000), or whether it exceeds one hundred thousand dollars (\$100,000).

\* \* \*

(f) For purposes of disclosure under this article, "interest in real property" does not include the principal residence of the filer or any other property which the filer utilizes exclusively as the personal residence of the filer.

Section 87206(a), (b), (c),  
(d) and (f).

Thus, you would be required to disclose certain information about the nature and value of the financial interest. You would not be required to disclose your principal residence or any other property which you use exclusively as a personal residence.

Although, as a candidate for county supervisor, you would not be required to disclose income your husband receives from his accounting practice, you would be required to disclose some information about his income if you were elected to the board of supervisors. With respect to your particular concern about the disclosure of the names of your husband's clients, your letter indicates that you have been misinformed about the extent of the disclosure required. Under the Act, if your

June S. Christensen  
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husband has a 10-percent or greater ownership interest in his accounting practice, you would be required to disclose the following:

(1) Your community property interest in the total income to the accounting practice. This would be one-half of your husband's pro rata share of the firm's total gross income. The source of this income would be identified as the accounting practice, not as individual clients.

(2) If your husband's pro rata share of the total gross receipts from any one client was equal to or greater than \$20,000 during the previous calendar year, you would also have to disclose the name of that client.

If your husband has less than a 10-percent ownership interest in the accounting practice, you would only have to disclose your community property (50%) interest in your husband's gross income from the accounting practice. You would not be required to identify individual clients.

I am enclosing an instruction manual and disclosure forms which provide more complete information about the disclosure required of county supervisors and candidates for that office. If you have any further questions concerning this matter, please contact me at (916) 322-5901.

Very truly yours,



Kathryn E. Donovan  
Counsel  
Legal Division

KED:plh  
Enclosures

F P P C

August 28, 1985

SEP 3 3 55 PM '85

Fair Political Practices Commission  
P.O. Box 807  
Sacramento, California 95804

Gentlemen:

I have been considering the possibility of running for public office. However, I have been informed that certain conflict of interest/economic reporting requirements might preclude me from being a candidate to an elected office such as Board of Supervisors. I would sincerely appreciate clarification from your commission as to what reporting requirements might be required of me.

My husband is a certified public accountant licensed to practice in California. He has well in excess of 500 active clients in California and throughout the United States. His practice is incorporated and a corporate tax return is filed in addition to our personal income tax return. I do not participate in his accounting practice in any manner and could not identify his clients. Since we live in a small community and my husband has been in practice for over 20 years, I am naturally aware of some of his clients and have a general knowledge of whether a client is considered to be a "big" client or otherwise. Insofar as actual fees paid or the extent of services rendered by my husband's firm, I would have no personal knowledge.

I have been made to understand that in the event I should run for public office, I would be required to file a list of all of my husband's clients together with the amount of fees paid by each for his accounting services. I currently do not have access to that information, except as stated above. If I requested that information, I would not be supplied with the same.

We do not own extensive real property in the State of California or Santa Barbara County (except for our personal residence) nor do we own stocks or bonds of a politically controversial nature such as oil and gas companies, chemical, etc. There would be no conflicts in that regard.

I would appreciate some clear cut guidelines on this situation from FPPC in order that I can make a determination to seek elected

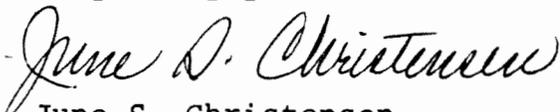
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office or not. There is a great deal of discrepancy in the opinions sought outside of your office and I would appreciate some definitive answers. A great many of my husband's clients indicate that they regard their relationship with him as confidential and would terminate their relationship with his office in the event a public disclosure were required. Obviously, my husband's income is far in excess of what I would make as a supervisor or many other elected positions and therefore, I am precluded from running for office if the advice I have been given is indeed correct.

I have been led to believe that in the event my husband and I were divorced and even though we were living in the same house with his income as my sole support, there would be no conflict. The conflict and disclosure requirements exists only if we are married. Obviously, no public office is worth a divorce in order that my husband might retain his clients and they, their confidentiality.

Thank you for your attention to my request for clarification. I know of other married women who are having similar problems and thus are precluded from running for a public office.

Very truly yours,



June S. Christensen  
727 Fredensborg Canyon Road  
Solvang, California 93463