



California Fair Political Practices Commission

April 29, 1986

Christina J. Savage
Hefner, Stark & Marois
555 Capitol Mall, 14th Floor
Sacramento, CA 95814

Re: FPPC Advice No. A-86-103
AKT Development Corporation

Dear Christy:

This is in reply to your request for advice dated March 31, 1986. You asked for advice concerning the lobbying disclosure obligations of your client, AKT Development Corporation.

The relevant facts as I understand them from your letter and from our telephone conversations are that AKT Development Corporation (AKT) hired a lobbying firm in 1985 for the purpose of influencing legislative and administrative action on behalf of the Elk Grove Unified School District (EGUSD). The lobbying firm received a total of \$16,300 during 1985. The payments to the lobbying firm were allocated among eight development joint ventures. AKT had an ownership interest in six of the ventures, and had no ownership interest in two of the ventures. For the two ventures in which AKT had no ownership interest, AKT was retained as a manager and was authorized to incur development-related expenses on behalf of the ventures.

The \$16,300 in lobbying payments were made in the following manner: \$10,000 was initially paid by AKT's check and then billed to each of the eight ventures for their respective share; the remaining \$6,300 was paid by checks issued by six of the eight ventures.

AKT was listed on the lobbying firms' registration as a lobbyist employer, and AKT filed lobbyist employer reports showing payment of the \$16,300 to the lobbying firm. The lobbying firm reported receiving \$16,300 from AKT.

You asked whether the \$16,300 in lobbying payments was properly disclosed and, if not, what amendments should be filed.

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AKT and its affiliated entities (the joint ventures in which AKT had an ownership interest) should file a single lobbyist employer report disclosing all of the payments made by AKT and the six joint ventures. The "Name of Filer" should be "AKT Development Corporation and its affiliated entities," or something similar. A letter should be attached to the report showing the total payments made by each entity. In addition, AKT must amend the "Name of Employer" on its "Lobbyist Activity Authorization" (Form 600-A) to reflect the name change indicated above.

The two real estate ventures in which AKT had no ownership interest each met the definition of a lobbyist employer because of the payments they made to the lobbying firm. Each entity must comply with all of the lobbyist employer reporting requirements for 1985, i.e., each must file a "Lobbyist Activity Authorization" (Form 650) for each calendar quarter of 1985, commencing with the calendar quarter in which it first made a payment, and for each calendar quarter thereafter until the lobbying firm deletes the entity as an employer. With regard to the payments made through AKT (their respective shares of the \$10,000 for which each was billed by AKT), each venture should make a note that those payments were made through AKT which was acting as an intermediary.

In addition to the amendments and reports indicated above, the lobbying firm must amend its 1985 Registration Statement to show the amended name of AKT and its affiliated entities, and to show each of the other two real estate ventures as separate employers. The firm also must amend its quarterly lobbying reports to report receipt of the payments in the same manner as they are reported by the lobbyist employers, as described above.

Since the lobbying disclosure provisions have changed effective January 1, 1986, and all of the lobbying disclosure forms have been revised, I have enclosed a set of the 1984/1985 forms which should be used to make the amendments.

If you have any questions about how to fill out the forms to make the amendments, please call Carla Wardlow in the Technical Assistance and Analysis Division at 322-5662.

Sincerely,



Jeanne Pritchard
Chief, Technical Assistance
& Analysis Division

JP:kt

Enclosures

cc: Murdoch, Mockler and Associates



California Fair Political Practices Commission

April 29, 1986

James L. Murdoch
John B. Mockler
Murdoch, Mockler and Associates
1130 K Street, Suite 210
Sacramento, CA 95814

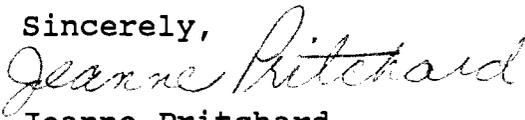
Re: FPPC Advice No. A-86-103
(enclosed)

Dear Sirs:

The attached advice letter addresses questions concerning the lobbying disclosure obligations of AKT Development Corporation and its affiliated entities, and two other real estate ventures which made payments to Murdoch, Mockler and Associates during 1985.

Based on the facts presented with regard to the payments made by these entities, the lobbyist(s) employed by Murdoch, Mockler and Associates authorized to lobby on behalf of AKT must file amendments to the 1985 "Lobbyist Registration Statement" (Form 600) to show the employers as AKT Development Corporation and its affiliated entities, and also to show the other two real estate ventures as separate employers. In addition, Murdoch, Mockler and Associates must amend its quarterly reports to reflect receipt of the payments from AKT and its affiliated entities, and from each of the other real estate ventures, as indicated in the attached letter. These amendments should be made as soon as AKT Development Corporation has provided you with the information regarding the payments.

If you have any questions about how to make the amendments, please call Carla Wardlow in the Technical Assistance and Analysis Division at 322-5662.

Sincerely,

Jeanne Pritchard
Chief, Technical Assistance
& Analysis Division

enclosures

cc: Christina Savage
Hefner, Stark & Marois

Rec'd. F.P.C.
April 1, 1986
A-86-103

LAW OFFICES OF
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555 CAPITOL MALL
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BAY AREA OFFICE
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(415) 659-9297

PLEASE REPLY TO EL DORADO
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March 31, 1986

* A PROFESSIONAL CORPORATION

Jeanne Pritchard
Technical Assistance
Fair Political Practices Commission
428 J Street
Sacramento, CA 95814

Re: Request for Advice

Dear Jeanne:

This firm represents Angelo K Tsakopoulos and three business entities wholly owned by Mr. Tsakopoulos: namely, Chicos Realty, Angelo Tsakopoulos Developments, Inc.,* and AKT Development Corporation (hereafter "AKT" collectively and individually).

On March 18, 1985, AKT hired for the first time a lobbyist: Murdoch, Mockler and Associates (hereafter MM). AKT hired MM pursuant to an explicit request to do so by the Elk Grove Unified School District (EGUSD). The EGUSD is currently overcrowded and had urgent need for state funding to build new schools to serve both existing housing and future housing proposed by AKT, as well as other developers within the EGUSD. Attached is a copy of the AKT-MM contract which sets forth the purpose of the lobbying and the direct control exerted over MM by the EGUSD. Almost all MM services rendered did not constitute "influencing legislative or administrative action. Instead, MM's efforts were focused on obtaining funds from the State Allocation Board and the Office of Local Assistance for a single school district.

AKT has an ownership interest in six real estate development joint ventures located within the EGUSD. In three of these ventures, AKT is a 50%-53% owner. In all six ventures, AKT is the managing partner and is authorized to incur development-related expenses on behalf of each venture.

Additionally, AKT has been retained as a manager by two other real estate ventures in which AKT has no ownership interest. As a manager, AKT is authorized to incur development-related expenses on behalf of these two non-owned ventures, also located in the EGUSD.

*Angelo Tsakopoulos Developments, Inc. recently merged into AKT Development Corporation.

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The payments made directly enhanced the development potential of the eight joint ventures and, as such, were development-related expenses which AKT was authorized to incur on behalf of the ventures. Consistent with the internal accounting practice used for engineering, architectural, legal and numerous other development-related bills incurred by AKT on behalf of the eight ventures for non-project specific costs, AKT split the MM monthly bills between the eight ventures. For \$10,000 of the \$16,300 total lobbying bill, AKT initially issued its check to MM and then billed each of the eight ventures for their respective share of the \$10,000. The remaining \$6,300 of the \$16,300 total lobbying bill was paid by checks issued by six of the eight ventures after AKT forwarded to these ventures the MM monthly bills with a note as to the percentage share owed by the venture. None of the ventures incurred \$ 2500 or more in a quarter as their share of the MM bill or for any expense relevant to the determination of whether an entity is a \$2500 filer.

AKT filed periodic Lobbyist Employer Statements in 1985 listing payments to MM totalling \$16,300. The 1985 Lobbyist Employer Statements also listed AKT campaign contributions and activity expenses, none of which was billed to, reimbursed by or otherwise paid by any of the joint ventures or any other person or entity. The disclosed campaign contributions and activity expenses, unlike the MM payments, are not tied to any public policy, action or expenditure limited to the Elk Grove area. Instead, the campaign contributions and activity expenses relate to statewide issues of general interest to AKT as an individual and/or as owner and developer of real property located throughout the Sacramento Metropolitan area. Because the campaign activity expenses were not geographically specific, they were not development-related costs within the scope of AKT's management expenditure authority.

Questions

Has the \$16,300 in lobbyist payments been properly disclosed?

If not, what type of amendment(s) should be filed?

Thank you for your assistance in this matter.

Very truly yours,

HEFNER, STARK & MAROIS

By 

Christina J. Savage

Advocacy Agreement

Angelo Tsakopoulos Developments, Inc.

This document represents the sole agreement between Angelo Tsakopoulos Developments, Inc., hereinafter referred to as the Company, and Murdoch, Mockler and Associates, Inc., hereinafter referred to as the Contractor, for the period March 18, 1985, through March 18, 1986. For the remuneration stipulated, Contractor shall:

Advocate for the company before the State Allocation Board, the Office of Local Assistance, and the Legislature, to assist the Elk Grove Unified School District obtain state approval for state financial assistance for the construction of an elementary school and a high school.

In cooperation with district staff, its consultants, architect, and state officials, develop and implement a plan to expedite the state approval and construction process for the proposed schools, including the partial or total consolidation of Phases I, II, and III of the state application and local construction state funded process for the high school project.

For the above services, the Company shall pay two thousand dollars (\$2,000) per month for the period March 18, 1985, through March 18, 1986.

The fee shall cover all expenses incurred in Sacramento by Contractor on behalf of the company.

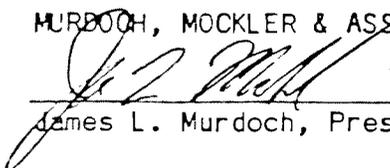
It is understood that Contractor shall function as an independent contractor without authority to obligate the Company for indebtedness or other commitments without the approval of the Company. It is understood that the Company will be one of several clients represented by the Contractor, but that the Contractor will accurately and fairly represent the Company's position.

It is understood by both parties that the Contractor is being retained for the purpose of expeditiously obtaining approval for state financial assistance as requested by the District. The Company will not, in any way, utilize the services of the Contractor to amend such application(s) unless such amendment is expressly requested by the School District.

The terms of this agreement shall remain in force unless mutually amended. Upon thirty (30) days' written notice, either party may terminate this agreement.

MURDOCH, MOCKLER & ASSOC., INC.

ANGELO TSAKOPOULOS DEVELOPMENTS, INC.


James L. Murdoch, President


Philip Angelides, General Manager

Date

Date