



California Fair Political Practices Commission

December 11, 1986

James C. Gross
Nielsen, Hodgson, Parrinello & Mueller
1030 Fifteenth Street, Suite 250
Sacramento, CA 95814

Re: Your Request for Advice
Our File No. A-86-278

Dear Mr. Gross:

This is in reply to your letter dated September 19, 1986, and to confirm the advice provided to you in our telephone conversation of October 24, 1986.

QUESTIONS

When a lobbying firm (Firm A) hires another lobbying firm (Firm B) to provide services on behalf of Firm A's clients:

(1) Must the client be identified on Firm B's Form 601 (Lobbying Firm Registration Statement). Must the client be identified on the Form 602 (Lobbying Firm Activity Authorization) completed by Firm A to authorize Firm B?

(2) Is the client required to indicate on its Form 635 (Report of Lobbyist Employer) that the payments made to Firm A also benefit Firm B? Is the client required to show Firm B as a retained entity?

(3) Is Firm B required to disclose the client in Part II of Form 625 (Report of Lobbying Firm) when it reports payments received from Firm A?

CONCLUSIONS

(1) Both the client and Firm A must be identified on the Form 601 filed by Firm B. However, on the Form 602 completed by Firm A to authorize Firm B, the client need not be identified.

(2) The client is not required to disclose on its Form 635 that the payments made to Firm A also benefit Firm B, and the client is not required to show Firm B as a retained entity employed by the client.

(3) Firm B is required to disclose the client in Part II of Form 625 when it reports payments received from Firm A.

ANALYSIS

Government Code Sections 86100 through 86117^{1/} specify the information which must be disclosed by lobbyists, lobbying firms and lobbyist employers on their registration statements and disclosure reports. In addition, pursuant to the authority provided in Government Code Sections 86104(f), 86105(e), 86114(i) and 86116(k), the Commission may require other information which is consistent with the purposes and provisions of the Political Reform Act. The information discussed in the conclusions section of this letter is required pursuant to the above referenced sections for the purposes of providing complete and accurate information to the public concerning lobbying activities.

At the time of our initial telephone conversation, I incorrectly advised you that identification of the client on the Form 601 filed by Firm B was not required, and that Firm B was not required to disclose the client in Part II of Form 625 when it reports payments received from Firm A.

In our telephone conversation of October 24, I corrected that advice to conform to the conclusions set out in this letter. You indicated that your client would amend its registration statement to provide the required information, and that the payments received by Firm B would be reported in the manner specified in the conclusions section of this letter.

If you have any questions, please call me at (916) 322-5662.

Sincerely,

Diane M. Griffiths
General Counsel



By Jeanne Pritchard
Division Chief, Technical
Assistance and Analysis Division

JP:kmt

^{1/} All statutory references are to the Government Code unless otherwise noted.

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FILE NUMBER

September 19, 1986

Ms. Jeanne Pritchard
Fair Political Practices Commission
428 J Street, Suite 800
Sacramento, California 95804

Re: Confirmation of Advice Regarding
Lobby Registrations

Dear Jeanne:

This letter will memorialize your telephone conversation with Kirk Pessner, our Senior Paralegal, and me regarding the registration and reporting responsibility between lobbying firms in the following factual situation. The statements regarding registration and reporting made in this letter represent our understanding of the legal requirements of the Political Reform Act of 1974, as amended.

Facts

Corporation X hires lobby firm A to lobby on its behalf. Corporation X only pays lobby firm A for lobbying services. Lobby firm A, with the consent of corporation X, hires lobbying firm B to assist in the lobbying effort. Lobby firm A pays lobby firm B for this assistance. No payments are made by corporation X to lobby firm B. Lobby firm B has contacts and works with corporation X's employees on the lobbying matter.

Lobby Registration

Corporation X will provide a Lobby Firm Authorization (FPPC Form 602) for lobby firm A, showing corporation X as the client.

Lobby firm B files an executed form 602 from lobby firm A showing the employer as lobby firm A. The law does not require that corporation X be identified on form 602 or on form 601 filed by lobby firm B.

Lobby Reporting

Corporation X will disclose on its Lobbyist Employer Report (FPPC Form 635) that it has retained lobby firm A. It is not required to indicate that it also benefits from lobby firm

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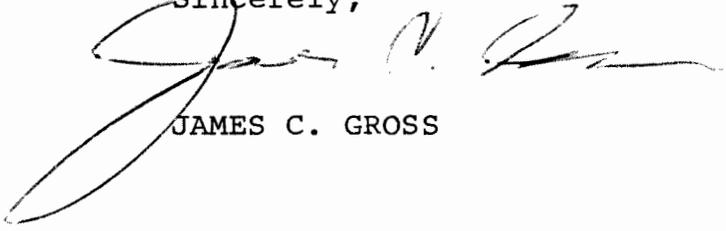
A's hiring of lobby firm B, nor is corporation X required to show lobby firm B as a retained entity.

Lobby firm A will disclose the full amount received from corporation X during the reporting quarter on part II of its Lobby Firm Report (FPPC Form 625). Lobby firm A will show the payment made to lobby firm B on part III, section B (payments to other lobbying firms for lobbying services) of form 625 and will identify corporation X as the client.

Lobby firm B will report under part II of form 625 the payment received from lobby firm A and is not required to disclose corporation X here.

If the advice accurately reflects our telephone conversation, please sign the bottom of this letter and return it to me in the enclosed envelope. If I have misstated any of your advice, please let me know. Thank you for your assistance in this matter.

Sincerely,



JAMES C. GROSS

JCG:ss
Encl.

Signature

Date