



California Fair Political Practices Commission

February 17, 1987

Michael P. Murphy
Field Representative
Assemblywoman Cathie Wright
250 East Easy Street, Ste. 7
Simi Valley, CA 93065

Re: Your Request for Advice
Our File No. A-87-024

Dear Mr. Murphy:

You have requested advice concerning your duties under the conflict of interest disclosure provisions of the Political Reform Act.^{1/}

FACTS

You are an employee of the California State Assembly. Your position is designated in that agency's conflict of interest code to file statements of economic interests (Form 730).

QUESTIONS

1. Are you required to report income you received under California Probate Code Section 901 as the executor of an estate? If so, on which schedule should it be reported?
2. Are you required to report your service as trustee and any investments made with assets from a trust which you manage for your brother?
3. Are you required to report ownership of stocks and municipal bonds received as part of an inheritance? If so, on which schedule should they be reported?

CONCLUSIONS

1. Income of \$250 or more received during 1986 as executor of an estate must be disclosed on Schedule D of the Form 730 if the source of the income is located in or doing business in California.

^{1/}Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Administrative Code Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Administrative Code.

2. No reporting is required with regard to your position as manager/trustee of your brother's trust.

3. Stock held by you, directly, indirectly or beneficially, in any business entity which is located in or doing business in California must be reported on Schedule A of the Form 730 if the value of your interest was \$1,000 or more at any time during 1986. You are not required to report bonds or other debt instruments issued by any government or government agency.

ANALYSIS

As noted in your letter, you are designated in the State Assembly's conflict of interest code to file reports under Disclosure Category A, which requires reporting of the following:

1. All investments in business entities and sources of income in the jurisdiction.

2. All gifts from donors inside or outside the jurisdiction.

3. All interests in real property.

4. Status as a director, officer, partner, trustee, employee or holder of a management position in any business entity within the jurisdiction.

With respect to investments and sources of income, the code's general provisions state:

When a designated employee is required to disclose investments and sources of income, he or she shall disclose investments in business entities and sources of income which do business in the State of California, plan to do business in the State of California, or have done business in the State of California within the past two years. In addition to other activities, a business entity is doing business within the State of California if it owns real property within the State...

With regard to your specific questions:

1. You must disclose income received from a source which is located in or doing business within the jurisdiction, which for a legislative employee is the State of California. Because the income you received as executor of an estate was received pursuant to a provision of California's Probate Code, we assume that the source of the funds is located in or doing business in California. Therefore, you must disclose income received as executor on Schedule D (Income, Other Than Gifts and Loans) of the Form 730 if you received \$250 or more from this source during 1986. (Section 87202.)

Mr. Murphy
Page Three

2. You are required to disclose investments in business entities in which you or your immediate family had an aggregate interest of \$1,000 or more during 1986. (Sections 82034, 87206.) The Act defines "immediate family" as the spouse and dependent children (Section 82029). Assuming that you have no ownership interest in the business entities, you are not required to report investments made with assets from your brother's trust.

In addition, you are required to report your status as a director, officer, partner, trustee, employee or holder of a management position in any business entity within the jurisdiction. Section 82005 defines "business entity" as:

... any organization or enterprise operated for profit, including but not limited to a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation or association.

A personal trust generally does not meet the definition of "business entity." Therefore, unless your brother's trust is a business entity, you are not required to disclose your position as its trustee.^{2/}

3. As noted above, you are required to disclose investments in business entities located in or doing business in the State of California. This includes investments which are owned directly, indirectly or beneficially. (Section 82034.) Therefore, stock received as part of an inheritance must be disclosed on Schedule A (Investments) of the Form 730 if the stock was held in a business entity which is located in or doing business in California and you or your immediate family had an aggregate interest of \$1,000 or more during 1986. However, Section 82034 excludes from the definition of "investment" bonds or other debt instruments issued by a government or government agency.

Please do not hesitate to contact me at (916) 322-5662 if you have additional questions.

Sincerely,

Diane M. Griffiths
General Counsel

Carla Wardlow

By Carla Wardlow
Political Reform Consultant

DMG:CW:cah

^{2/}This analysis assumes that the trust is not a source of income to you since you have indicated that you do not benefit from investments made with trust assets.

CORRESPONDENT: Murphy, Michael P ADVICE #: 87-024
Field Rep - Cathie Wright Assembly mbr.
RE: 730 Disclosure

DATE REC'D: 1/15 DATE DUE: 2/17/87

LEGAL ENFORCEMENT TA&A
 DIANE
 BOB L.
 KATHY
 JOHN Mc
 JEANETTE

REQUEST ADD'L INFO: DATE SENT: _____
 ACKNOWLEDGMENT: DATE SENT: _____
 REQUEST SEI
 CC to: _____

REPLY TO:

SACRAMENTO ADDRESS
STATE CAPITOL
SACRAMENTO, CA 95814
(916) 445-7676

DISTRICT ADDRESS
250 EAST EASY STREET, SUITE 7
SIMI VALLEY, CA 93065
(805) 522-2920



Assembly California Legislature

COMMITTEES

ENVIRONMENTAL SAFETY
AND TOXIC MATERIALS
FINANCE & INSURANCE
INTERGOVERNMENTAL
RELATIONS
UTILITIES & COMMERCE

CATHIE WRIGHT

MEMBER OF THE ASSEMBLY
THIRTY-SEVENTH DISTRICT

CHAIRWOMAN
INTERGOVERNMENTAL RELATIONS

January 12, 1987

Fair Political Practices
Commission
428 J Street
Post Office Box 807
Sacramento, CA 95804-0807

Attention: Technical Assistance and
Analysis Division

I am the Field Representative for Assemblywoman Cathie Wright. As such, I am required to file Form 730 under disclosure category "A" Conflict of Interest Code for the California State Assembly.

I have three questions relating to reporting procedures for my disclosure category for the 1986 reporting period:

1. During 1986, I served as the Executor of an estate. I received compensation for services as outlined under Section 901 of the California Probate Code. Am I required to report this income? If so, under which schedule should it be recorded?
2. During 1986, I was appointed to serve as trustee for an inheritance which my brother received. I am responsible for management of all assets under the trust though I do not directly benefit from any investments. Am I required to report my service as trustee and any investments made with assets from the trust?
3. In 1986 as part of an inheritance, I received an interest in stock and municipal bonds. Am I required to report ownership of these stocks and bonds as received by inheritance? If so, under which schedule should they be reported?

Fair Political Practices Commission
Page Two

I appreciate consideration of these issues and a written response in order that I may properly complete Form 730.

Sincerely,

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MICHAEL P. MURPHY
Field Representative

MPM/kt



California Fair Political Practices Commission

January 16, 1987

Michael P. Murphy
Field Representative for
Assemblymember Cathie Wright
25 East Easy Street, Suite 7
Simi Valley, CA 93065

Re: 87-024

Dear Mr. Murphy:

Your letter requesting advice under the Political Reform Act was received on January 15, 1987 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact me directly at (916) 322-5662.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days. You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

Jeanne Pritchard
Jeanne Pritchard
Chief

Technical Assistance and Analysis
Division

JP:plh

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JAN 13 1987

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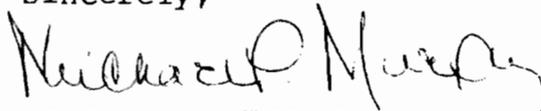
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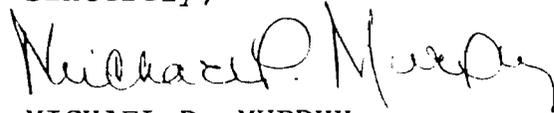
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MICHAEL P. MURPHY
Field Representative

MPM/kt

ADVICE LETTER # 87-024 REQUESTER: Michael Murphy

This letter was written by: Carla Wardlow

The 21 working-days expires: 2/17/87

However, a response has been requested by: _____

Upon review, return to: Carla

DIVISION CHIEF, TA&A

 APPROVED

Comments to Executive Director and Chairman: _____

GENERAL COUNSEL:

Qm APPROVED

 Without change

 See changes noted in letter

General Comments/Thoughts: _____

 NOT APPROVED

Reasons/Comments: _____

EXECUTIVE DIRECTOR:

JB APPROVED

 Without change

 See changes noted in letter

General Comments/Thoughts: See Q on p. 3

 NOT APPROVED

Reasons/Comments: _____