



California Fair Political Practices Commission

August 15, 1989

Victoria A. Zorkocy
Acting Deputy City Administrator
110 East Cook Street
Santa Maria, CA 93454-5190

Re: Your Request for Advice
Our File No. A-89-420

Dear Ms. Zorkocy:

This is in response to your request for a confirmation of telephone advice obtained on behalf of Robert F. Grogan, City Administrator for the City of Santa Maria, concerning his duties under the conflict-of-interest provisions of the Political Reform Act (the "Act").^{1/}

This letter confirms that your letter dated July 6, 1989 accurately summarizes the telephone advice I provided to you concerning the return of a gift made to Mr. Grogan at his retirement dinner on June 11, 1989. As I stated in our telephone conversation, Section 87100 prohibits any public official from making, participating in making, or otherwise using his official position to influence a governmental decision in which the official has a financial interest. Section 87103 specifies that an official has a financial interest if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from the effect on the public generally, on the official or a member of his or her immediate family or on:

(e) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the public official within 12 months prior to the time when the decision is made.

Section 87103(e).

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

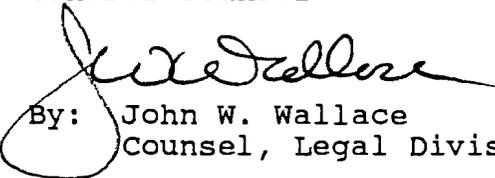
"Gift" is defined in Section 82028 as any payment to the extent that consideration of equal or greater value is not received. As stated above, a gift of \$250 or more in a 12 month period will become a disqualifying financial interest pursuant to Section 87103(e). However, Section 82028(b) provides that the term "gift" does not include gifts which are not used and which, within 30 days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes.

According to the facts you provided, Goldman Sachs provided a disproportionate share of funds used to finance Mr. Grogan's retirement party. You were concerned that Goldman Sachs' gift would be a disqualifying financial interest in the future. I advised that the gift should be returned within 30 days after receipt. This was accomplished by Mr. Grogan's reimbursement of the pro-rata share of the cost of his gift and dinner attributable to Goldman Sachs.^{2/} According to Regulation 18726.1(b)(4) (copy enclosed), in the event that the entire gift is reimbursed to the donor within 30 days after its receipt, the official is deemed never to have received the gift.

If you have any further questions regarding this matter, please feel free to contact this office at (916) 322-5901.

Sincerely,

Kathryn E. Donovan
General Counsel


By: John W. Wallace
Counsel, Legal Division

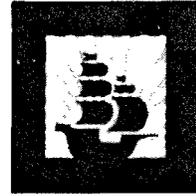
KED:JWW:plh

Enclosure

^{2/} You have informed us that the remaining amount of Goldman Sachs' gift to the retirement dinner that had yet to be used was returned to the donor by separate check.

F P P C

Jul 17 8 50 AM '89



110 EAST COOK STREET SANTA MARIA, CALIFORNIA 93454-5190 805-925-0951

July 6, 1989

John Wallace
Fair Political Practices Commission
728 J Street, Suite 800
Sacramento, CA 95814

Dear Mr. Wallace:

I am writing to request an opinion letter from the Fair Political Practices Commission regarding a sponsorship contribution for the retirement party of the City of Santa Maria's City Administrator. The facts surrounding this issue follow below.

Robert F. Grogan, City Administrator for the City of Santa Maria, retired from the City on June 2, 1989. A few days after his retirement, the City entered into a contract with Mr. Grogan to retain his services on an hourly basis to provide assistance on an on-going redevelopment agency project, as well as assisting with the administration of a Joint Powers Authority (J.P.A.) of which the City is a member.

The firm of Goldman Sachs performs underwriting services for the J.P.A. when bonds are sold. Goldman Sachs has provided services to the J.P.A. in the past, and will continue to do so in the future. Mr. Grogan, on behalf of the City, will be working with the J.P.A. and Goldman Sachs in administering the J.P.A.'s business.

When Mr. Grogan retired, the City planned a retirement party which was held on June 11, 1989. At the beginning of June, Goldman Sachs indicated an interest in co-sponsoring the retirement party. To that end, at the beginning of June, Goldman Sachs sent to the City a check in the amount of two-thousand dollars (\$2,000.00) to be used to defray party expenses. This money went into one checking account set up specifically for retirement party expenses. Funds from the checking account were to be spent on meals, decorations, entertainment and a gift. In addition to

John Wallace
July 6, 1989
Page Two

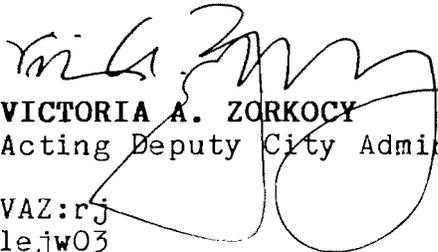
the co-sponsorship of Goldman Sachs, the City also received a one hundred dollar (\$100.00) donation from a local businessperson, as well as funds from tickets sold for the event. All of these sources of funds were used to defray party expenses.

The City Attorney has since advised that the receipt of the two-thousand dollar (\$2,000.00) check from Goldman Sachs exceeds the amount that Mr. Grogan may receive as a gift, under F.P.P.C. rules. Upon advice of your office, the City used the following calculations to determine how the Goldman Sachs contribution should be returned. We calculated the total number of paying guests less complimentary tickets (326), and the total number of "guests" that the Goldman Sachs contribution represented (108). Based upon the total number of paying "guests" (434), it was determined that the Goldman Sachs contribution represented 25% of the total number of "guests".

We then applied the 25% to the total amount of the gift received to determine the amount of the gift to be returned directly by Mr. Grogan. We calculated the amount of the gift received by totaling the amount of the actual gift received (\$1,500.00) plus the amount of Mr. Grogan's dinner which was complimentary (\$18.50). The City then applied the 25% against the total amount of the gift received by Mr. Grogan (\$1,518.50). It was calculated that Mr. Grogan must return 25% of the gift (\$380.00) and the City will return 75% (\$1,620.00) to Goldman Sachs for a grand total of the entire (\$2,000.00) contribution being returned. These funds have been returned to Goldman Sachs as of this writing.

As mentioned previously, it is requested that an opinion letter be sent from your office regarding this matter. Please feel free to contact me if I can provide you with any further information or assistance.

Sincerely yours,



VICTORIA A. ZORKOCY
Acting Deputy City Administrator

VAZ:rj
lejw03

cc: City Attorney



110 EAST COOK STREET • SANTA MARIA, CALIFORNIA 93454-5190 • 805-925-0951

July 5, 1989

John Melvin
Goldman Sachs
555 California Street, 31st Floor
San Francisco, CA 94104

Dear Mr. Melvin:

I am writing to you regarding your recent sponsorship of the retirement party for Mr. Robert F. Grogan. It is my unfortunate duty to have to return to you your sponsorship funds in the amount of two-thousand dollars (\$2,000.00). While the Planning Committee for the retirement party was more than willing to accept the sponsorship, the Fair Political Practices Commission (F.P.P.C.) which governs the contributions received by appointed officials, advised us that the amount of the sponsorship was beyond that which Mr. Grogan could receive under their rules. Since Mr. Grogan will continue to be employed by the City as a consultant after his retirement, ~~and~~ he will continue to work with Goldman Sachs through his contact with the J.P.A. As such, the F.P.P.C. rules regarding contributions remain in effect.

Again, on behalf of Mr. Grogan, the Planning Committee and the City, I would like to express our appreciation for your willingness to sponsor this event, and thank you in advance for your understanding and cooperation in this matter. Please feel free to contact me if you should have any further questions or comments.

Sincerely yours,

ARTHER R. MONTANDON
City Attorney

ARM:rj
lejmo3

Enclosure

cc: John Wallace, Esq., Fair Political Practices Commission

Robert F. Grogan Retirement Party

16 July 1987

096

11-35/1210

PAY TO THE ORDER OF Goldman Sachs \$ 1620.00

one thousand six hundred twenty dollars only DOLLARS

Bank of America NT & SA

Santa Maria Branch 0150
P.O. Box 280
Santa Maria, CA 93456

MEMO Return of gift TM

⑆ 1 2 1 0 0 0 3 5 8 1 0 0 9 6 ⑆ 0 1 5 0 0 ⑆ 0 3 1 2 3 ⑆

ROBERT F. GROGAN
AGNES S. GROGAN
710 EAST BUNNY AVE. 805-925-9295
SANTA MARIA, CA 93454

101

JULY 6 1989 11-35/1210

Pay to the order of GOLDMAN SACHS \$ 380.00

THREE HUNDRED EIGHTY & ⁰⁰/₁₀₀ Dollars

Bank of America NT & SA

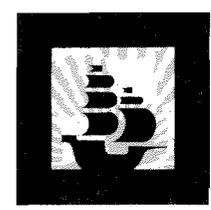
Santa Maria Branch 0150
P.O. Box 280
Santa Maria, CA 93456

For RETURN OF GIFT

⑆ 1 2 1 0 0 0 3 5 8 1 0 1 0 ⑆ 0 1 5 0 2 ⑆ 0 2 1 3 2 ⑆

FPPC

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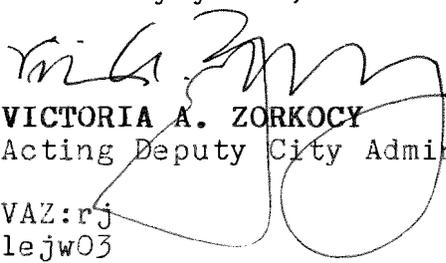
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VICTORIA A. ZORKOCY
Acting Deputy City Administrator

VAZ:rj
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cc: City Attorney



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Sincerely yours,

ARTHER R. MONTANDON
City Attorney

ARM:rj
lejmo3

Enclosure

cc: John Wallace, Esq., Fair Political Practices Commission



California Fair Political Practices Commission

July 18, 1989

Victoria A. Zorkocy
Acting Deputy City Administrator
110 East Cook Street
Santa Maria, CA 93454-5190

Re: Letter No. 89-420

Dear Ms. Zorkocy:

Your letter requesting advice under the Political Reform Act was received on July 17, 1989 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact John Wallace an attorney in the Legal Division, directly at (916) 322-5901.

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 if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Code of Regs. Sec. 18329).)

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,


Kathryn E. Donovan
General Counsel

KED:plh