



## FAIR POLITICAL PRACTICES COMMISSION

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December 22, 2009

David Margrave

REDACTED

**RE: FPPC No. 05/325; David Margrave**

Dear Mr. Margrave:

The Fair Political Practices Commission (“Commission”) enforces the provisions of the Political Reform Act (the “Act”) found in Government Code Section 81000, and following. As you are aware, the Commission received a complaint against you alleging that you violated conflict of interest provisions of the Act. These allegations referred to your public testimony before the Cultural Heritage Commission on April 26, May 19, and June 16, 2005; and public testimony before the Planning Commission on May 23, 2005, while a member of the South Pasadena City Council, regarding the “Arroyo Oaks Project,” a redevelopment project proposed by your former wife, Diane Hamilton-Margrave.

Under the Act, no public official at any level of state or local government may make, participate in making, or in any way use or attempt to use his or her official position to influence a governmental decision in which the official knows or has reason to know he or she has a disqualifying conflict of interest. (Section 87100.) To determine whether an individual has a disqualifying conflict of interest, the Commission generally employs the following sequenced analysis: (1) is the individual a public official; (2) did the official make, participate in making, or use or attempt to use the official position to influence a governmental decision; (3) what are the official’s economic interests, (4) are the official’s economic interests directly or indirectly involved in the governmental decision; (5) what is the applicable materiality standard for each economic interest involved; and (6) is it reasonably foreseeable that the governmental decision will have a material financial effect on the official’s economic interest.<sup>1</sup> (See Regulation 18700.)

Under Section 87100, a conflict of interest exists when you, as a public official, make, participate in making, or attempt to use your official position to influence a governmental decision in which you know or have reason to know you have a “financial interest.” You have a “financial interest” in a decision, within the meaning of Section 87100,

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<sup>1</sup> The additional two steps of the analysis - whether the public generally exception applies and whether the individual is legally required to participate in the governmental decision - are inapplicable to this matter.

if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on you, a member of your immediate family, or, among other things, on any business entity in which you have an investment interest valued at \$2,000 or more, any real property (including leaseholds) in which you have an investment interest valued at \$2,000 or more, or on any source of income aggregating \$500 or more which you received within 12 months of the decision. (Section 87103, subdivision (a), (b) and (c).)

We examined your public testimony regarding the proposed "Arroyo Oaks Project" on Monterrey Road. Your former wife owned the real property at this location and was the project applicant for the proposed development. The economic interests that we examined included Morrow & Holman Plumbing, a business owned by your former wife, and the real property interests of your former wife on Monterey Road. While Morrow & Holman Plumbing is a source of income to you, our investigation in this case does not indicate that your former wife would also be considered a source of income to you for the purposes of a conflict of interest analysis. Thus, we have not found sufficient evidence that you had an economic interest in the decisions which you were attempting to influence through your public testimony. The Commission has completed a review of the forgoing allegations and closed this case without finding a violation.

The Commission publishes forms and manuals to facilitate compliance with the provisions of the Act, so if you need forms or manuals, or guidance regarding your obligations, please call the Commission's Technical Assistance Division at 1-866-275-3772. Please also visit our website at [www.fppc.ca.gov](http://www.fppc.ca.gov).

Sincerely,

REDACTED

Zachary W. Norton  
Commission Counsel  
Enforcement Division