



FAIR POLITICAL PRACTICES COMMISSION

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January 5, 2010

Mr. James Jeffra

REDACTED

RE: Advisory Letter, FPPC No. 07/420; Jim Jeffra, Ed Sileo

Dear Mr. Jeffra:

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 may be aware, the Commission was investigating whether you were in violation of conflict of interest provisions and Statement of Economic Interest ("SEI") disclosure obligations of the Act. Specifically, it was alleged that you participated in a governmental decision where you approved Resolution No 07-06 and 06-119, as recommended by the Lancaster Redevelopment Agency and Royal Investors Group, where you had an economic interest in a business owned by Patrick Sileo. Royal Investors Group is a client of Competitive Analysis. Competitive Analysis is also owned by Patrick Sileo.

After investigation, we have determined that there is insufficient evidence to find you violated the Act. As a result, we are closing this case with this Advisory Letter.

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 official position to influence a governmental decision in which he knows or has reason to know he 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. (See Regulation 18700.)

Section 87300 of the Act states that every candidate for an elective office that is designated in a conflict of interest code shall file a statement disclosing his investments, business positions, interests in real property, and income received during the immediately preceding 12 months, as enumerated in the disclosure requirements for that position. Commission Regulation 18705.1 establishes various standards for materiality of business economic interests and states that a governmental decision pertaining to a business is material when the governmental decision will result in an increase or decrease in the value of the business entity's assets or liabilities of \$20,000 or more.

Section 87300 of the Act provides that every candidate for an elective office that is designated in a conflict of interest code shall file a statement disclosing his or his investments, business positions, interests in real property, and income received during the immediately preceding 12 months, as enumerated in the disclosure requirements for that position

Our investigation examined the relationships between yourself, two businesses owned by Patrick Sileo, Quik Connect Communications and Competitive Analysis, and their relationship to Royal Investors Group. It was alleged that Royal Investors Group made two payments to Competitive Analysis for \$60,000, and that you had a disqualifying conflict of interest because that business and a business in which you have an economic interest are owned by Patrick Sileo.

On May 25, 2006, Competitive Analysis received a payment of \$30,000 from Palmdale Capital, LLC, allegedly part of Royal Investors Group. A second payment of \$30,000 was paid to Competitive Analysis from Fidelity Coast, LLC, allegedly part of Royal Investors Group. Competitive Analysis is owned by Patrick Sileo, and is located at the same location as both your business and Quik Connect Communications. However, there was insufficient evidence to find that you had business interests with Competitive Analysis such that you had a disqualifying conflict of interest under the Act.

If we had found evidence you had a business interest in Competitive Analysis, we would have charged you with a conflict of interest violation under the Act. If Competitive Analysis and Quik Connect Communications were not separate legal entities, you would be in violation of the conflict of interest provisions of the Act.

Additionally, our office reviewed your 2006 SEI filings. You reported income from Coldwell Banker on your 2006 SEI, however you did not initially report your individual sources of income as a realtor. You did file amendments which properly reported income from R. Rex Parris and John Bell as the sole sources of income to you as a realtor for Coldwell Banker in 2006. Therefore, you reported the sources of income required under the Act.

If you had failed to report the individuals who were the true source of income on your Statement of Economic Interests, it would violate your disclosure obligations under the Act.

The information in this case will be retained, and may be used against you, should an enforcement action become necessary, based on future conduct and/or newly discovered information.

The Commission publishes forms and manuals to facilitate compliance with the provisions of the Act and provides guidance regarding filing obligations over the telephone and through written advice. Please call the Commission's Technical Assistance Division at 1-866-275-3772 or visit our website at www.fppc.ca.gov.

Sincerely,

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~~Fy D. Moore~~, Counsel
Enforcement Division