



FAIR POLITICAL PRACTICES COMMISSION

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August 18, 2015

Ignacio Velazquez



Re: Advisory Letter – Ignacio Velazquez, FPPC No. 13/538

Dear Mr. Velazquez:

The Enforcement Division of the Fair Political Practices Commission (the “Commission”) investigated allegations that you, as Mayor of the City of Hollister, violated the conflict of interest prohibitions of the Political Reform Act (the “Act”)¹ by voting at city council meetings in favor of holding a motorcycle rally in downtown Hollister despite owning real property and a restaurant in downtown Hollister. The Enforcement Division has decided to close its file on this matter without initiating an enforcement action. The basis for this decision follows.

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 financial interest.² A public official has a financial interest in a governmental decision if it is reasonably foreseeable that decision will have a material financial effect on any real property or business entity in which the official has a direct or indirect investment worth \$2,000 or more.³

The Enforcement Division’s investigation found that at a Hollister City Council meeting in January of 2013 you voted in favor of holding a motorcycle rally in downtown Hollister during the first week in July, 2013. At that time, you owned real property in downtown Hollister located at 452 San Benito Street. That property included a building that contained a restaurant called The Vault. Previously you had operated The Vault restaurant on a daily basis but in recent years you had rented out The Vault facility for banquets and special events only.

Before voting in favor of the motorcycle rally, you sought advice from the Commission’s Legal Division regarding whether your ownership of The Vault business would prohibit you from making decisions regarding the motorcycle rally. The Legal Division concluded in a letter to you dated December 28, 2012 that your business interest in The Vault would not cause a conflict of interest if you made decisions involving the motorcycle rally so

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations.

² Section 87100.

³ Section 87103, subd. (c).

long as The Vault did not realize an increase or decrease of \$20,000 or more in the business's assets or gross revenues for the year as a result of the rally. The letter specifically stated that your inquiry only concerned the business as an economic interest, and not the real property on which the business is located, and that if you owned the real property a conflict may result from a decision involving the motorcycle rally.

The Enforcement Division investigation focused on whether your ownership interest in the real property you owned in downtown Hollister. Our investigation found that about a week before the motorcycle rally you entered into a five year lease agreement to lease the portion of the real property at 452 San Benito Street containing The Vault restaurant to three partners who intended to operate The Vault restaurant full time. The lease called for a monthly rent of about \$10,000. One of the three lessees, a caterer, had rented the facility from you on numerous occasions, one weekend at a time, to hold catered events. The typical rental rate for a weekend was \$3,000. The lease began on July 1, 2013 and the restaurant was open for the motorcycle rally. But a couple months into the lease agreement, the lessees stopped paying the monthly rent. Eventually they vacated the property and you retook possession of the property.

As Mayor of Hollister you were a public official under the Act. By voting in favor of holding the motorcycle rally in downtown Hollister you made a governmental decision. As the owner of the real property at 452 San Benito Street you had a financial interest that could result in a conflict of interest. But the Enforcement Division did not find sufficient evidence to conclude that your vote in favor of the motorcycle rally would have a reasonably foreseeable material financial effect on your interest in the real property. You assert that you did not believe the motorcycle rally would increase the value of the real property, which is supported by the fact that the long-term lease for The Vault premises you entered into right before the rally was for an amount similar to the rate at which you had rented the property prior to the city's decision to hold the rally. Without evidence that your vote in favor of holding the motorcycle rally would have a reasonably foreseeable material financial effect on your real property, the Enforcement Division cannot determine that you violated the Act's conflict of interest provisions so we are closing the case.

Even though we are closing our file in this matter, please be advised of the conflict of interest provisions of the Act in any future actions you may take as a government official. You should take particular care in decisions involving portions of the city near real property that you own. If you need guidance regarding the Act's conflict of interest provisions, please contact the Commission's Technical Assistance Division at 1-866-275-3772, or visit our website at www.fppc.ca.gov. If you have questions regarding this matter, please contact me at [REDACTED].

Sincerely,

[REDACTED]
Dave Bainbridge
Senior Commission Counsel
Enforcement Division