



FAIR POLITICAL PRACTICES COMMISSION

428 J Street • Suite 620 • Sacramento, CA 95814-2329
(916) 322-5660 • Fax (916) 322-0886

November 12, 2014

Steve Churchwell
o/b/o Paul Hastings, LLP
Churchwell White LLP

Re: Closure Letter
FPPC No. 13/927: Paul Hastings, LLP

Dear Mr. Churchwell:

The Fair Political Practices Commission (the "Commission") enforces the provisions of the Political Reform Act (the "Act").¹ As you may be aware, the Commission recently opened an investigation into allegations that your client Paul Hastings, LLP ("Paul Hastings"), violated the Act by failing to report on its lobbying firm reports that it is being compensated by Boeing, Inc. ("Boeing"), to influence legislative or administrative actions related to its environmental clean-up obligations at the Santa Susana Field Laboratory ("SSLF").

A lobbying firm is required to report all clients from whom it receives compensation to influence a legislative or administrative action. (Section 86114.) The Act defines "Legislative Action" as the drafting, introduction, consideration, modification, enactment or defeat of a bill, resolution, or other matter by the Legislature or by any committee, subcommittee, or member or employer of the Legislature, including actions by the Governor in approving or vetoing any bill. (Section 82037.) The Act defines "Administrative Action" as the proposal, drafting, development, consideration, amendment, enactment or defeat by a state agency of a rule, regulation or quasi-legislative proceeding, a decision by a state agency to enter into a contract to invest state public retirement system assets on behalf of a state public retirement system, or a rulemaking process or quasi-legislative proceeding before the Public Utilities Commission which is reasonably foreseeable to establish a rate. (Section 82002.)

The Enforcement Division of the Commission has completed its investigation into the allegations and found no evidence that Paul Hastings has been compensated by Boeing to influence a legislative or administrative action related to Boeing's clean-up obligations at SSFL.

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

SSLF was the site of extensive testing of nuclear reactors and engines for missiles, spacecraft and rockets during the Cold War and for several years afterwards. In 1959, a reactor on SSLF spewed radioactive gases into the environment. Over time, numerous accidents, spills, and releases have led to widespread contamination of groundwater, surface water, and soil.

In 1996 Boeing took over much of SSLF when it purchased Rocketdyne. From 2004 until 2007, Paul Hastings represented Boeing in Boeing's negotiations with the California Department of Toxic Substances Control ("DTSC") regarding Boeing's environmental clean-up obligations at SSFL. In 2007, Boeing signed a consent order with DTSC that outlined its environmental clean-up obligations at SSFL. Paul Hastings' representation of Boeing in negotiations with DTSC regarding Boeing's environmental clean-up obligations at SSFL and the consent order did not qualify as "lobbying" under the Act because neither was a legislative or administrative action as defined by the Act.

In 2007, the Legislature passed Senate Bill 990 ("SB 990"), which gave DTSC the authority to oversee the remediation of radiological contamination and required the SSFL to be cleaned-up to either agricultural or suburban residential standards, whichever was stricter. Our investigation found no evidence that Paul Hastings was compensated to influence the drafting, introduction, consideration, modification, enactment or defeat of SB 990.

Almost immediately after SB 990 was signed into law, Boeing hired Paul Hastings to overturn SB 990 in a federal lawsuit. Boeing, in its lawsuit, claimed that SB 990 held Boeing to a higher cleanup standard than DTSC applied to the rest of the State and preempted the federal government's authority to oversee matters related to nuclear safety. In 2011, a federal court struck down the provisions of SB 990 that singled out Boeing because the provisions were unconstitutional and preempted by federal law. Paul Hastings' representation of Boeing in the federal lawsuit did not qualify as "lobbying" under the Act because the federal lawsuit was a judicial matter and not a legislative or administration action as defined by the Act.

Although Paul Hastings had substantial, longstanding engagements with DTSC on matters of significance related to clean-up obligations at SSFL, these matters were not administrative or legislative actions under the Act. As a result, our investigation found that Paul Hastings did not fail to report lobbying, as currently defined by the Act, DTSC on behalf of Boeing. Because of this, we are not pursuing an enforcement action in this matter and we are closing this case with this letter.

If you have any questions regarding this matter, please feel free to contact me at 916-327-6357.

Sincerely, [REDACTED]

[REDACTED]
Milad Dalju
Commission Counsel
Enforcement Division