FAIR POLITICAL PRACTICES COMMISSION
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August 22, 2011

Ms. Rose Pak
o/b/o Chinese New Year Festival Committee

REDACTED

Letter Re: FPPC No. 11/081; Carmen Chu, David Chiu, and Eric Mar

Dear Ms. Pak:

The Fair Political Practices Commission (the "FPPC") enforces the provisions of the Political Reform Act (the "Act"),[1] found in Government Code section 81000, et seq. As you may be aware, the Commission has undertaken an investigation into gifts of travel to southern China from November 11, 2009 through November 16, 2009, provided by the Chinese New Year Festival Committee to Supervisors Carmen Chu, David Chiu, and Eric Mar.

The Act places limitations on the acceptance of gifts by certain public officials, including city supervisors. Section 89503(a) prohibits these public officials from accepting gifts from any single source in any calendar year with a total value of more than the applicable gift limit. The $250 gift limit is adjusted biennially to reflect changes in the Consumer Price Index, pursuant to Section 89503, subdivision (f). The gift limit in 2009 was $420. (Regulation 18940.2.) Under specific circumstances, payments for transportation, lodging, and subsistence may be exempt from the definition of "gift." Section 89506(a)(2) provides that travel expenses reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international policy, are *not prohibited or limited* if they are provided by certain specified sources such as governmental agencies, bona fide public or private educational institutions, or non-profit 501(c)(3) organizations.

During the course of our investigation, we reviewed documents obtained from the Internal Revenue Service (the "IRS") concerning the Chinese New Year Festival Committee's tax exempt status. According to these documents, which included copies of IRS filings and the

[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.

Articles of incorporation originally filed with the California Secretary of State, the Chinese New Year Festival Committee is registered as a 501(c)(6) chamber of commerce organization. It has never been registered as a 501(c)(3) organization. Therefore, the requirements under Section 89506(a)(2) for an exception to the gift limit are not met and any gift, including those of travel, are subject to gift limits.

Please be advised that since the Chinese New Year Festival Committee is not an organization that falls under Section 501(c)(3) of the Internal Revenue Code, no public official may accept gifts of any type from this organization valued in excess of the applicable limit.

Feel free to contact me with any questions you may have regarding this letter.

Sincerely,

REDACTED

Zachary W. Norton
Commission Counsel
Enforcement Division