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

August 30, 2011

Ms. Roslyn Carter-Philips

REDACTED

Re: Warning Letter
FPPC No. 10/700; Roslyn Carter-Philips

Dear Ms. Carter-Philips:

The Fair Political Practices Commission ("FPPC") enforces the provisions of the Political Reform Act ("Act"),[1] found in Government Code section 81000, et seq. The Enforcement Division of the FPPC has received a referral from the City of Los Angeles Ethics Commission alleging you violated the Act's disclosure provisions regarding your failure to disclose your investment in and income to a trust held by RWP Corporation.

The FPPC has completed its investigation of the facts of this case. Specifically, the FPPC found that you violated section 87300, when you failed to disclose your interest in the above mentioned trust. Section 87300 of the Act requires every state and local agency to develop a conflict-of-interest code. This code must require persons involved in the making, or participating in the making, of decisions which may foreseeably have a material financial effect on any financial interest belonging to that person to disclose reportable interests. As a former employee of the City of Los Angeles ("City"), you had an obligation to disclose certain financial interests pursuant to the City's Conflict-of-Interest Code. Under the City's Conflict-of-Interest Code, you were required to disclose the following:

A. Any investment or interest in real property, as defined by this Code.
B. Any income, as defined by this Code, including loans, gifts, and business positions, from any person or business entity which:
   1. does, or during the past twelve months did, business in or with the City of Los Angeles, or
   2. owns, or during the past twelve months owed, an interest in real property located with the jurisdiction not used principally as a residence of such person.
C. Any income from any person required to register pursuant to section 48.01 *et seg.* of the Los Angeles Municipal Code (Municipal Lobbying Ordinance.)

[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 18109 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.

Investments of an individual includes a pro-rata share of investment of any business entity, mutual fund, or ***trust*** in which the individual or immediate family owns, directly, indirectly, or beneficially, a 10-percent interest or greater. (Section 82034.) During your employment with the City, you had a 10-percent or greater ownership interest in the trust, and if the trust fell within your disclosure categories listed above, you had an obligation to disclose this trust on your Statement of Economic Interest, Form 700 ("SEI").

Furthermore, the Act defines income as a payment received including but not limited to salary, wage, advance, dividend, interest, rent, proceeds from any sale, gift, loan, forgiveness or payment of indebtedness received by the filer. Income does not include travel reimbursement and per diem received from a bona fide non-profit entity exempt from taxation under section 501(c)(3) of the Internal Revenue Code. (Section 82030.) According to our investigation, you received income from the All City Employee Benefit Service Association ("ACEBSA"). Income from ACEBSA valued at $500 or more, which falls within your disclosure categories, is required to be disclosed on your SEI. The only exception would be if ACEBSA is a non-profit organization exempt from taxation under section *501(c)(3)* of the Internal Revenue Code.

Your actions violated the Act because you were required to disclose your investment in and income to the trust on your SEI. However, we have determined that an enforcement action for a violation is not warranted, because you have left office and do not have an enforcement history. Nevertheless, although we have decided not to pursue an enforcement action in this matter, you are advised that your failure to comply with the provisions of the Act in the future could result in an enforcement action. In addition, 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.

A warning letter is an FPPC case resolution without administrative prosecution or fine. However, the warning letter does not provide you with the opportunity for a probable cause hearing or hearing before and Administrative Law Judge or the Fair Political Practices Commission. If you wish to avail yourself of these proceedings by requesting that your case proceed with prosecution rather than a warning, please notify us within ten (10) days from the date of this letter. Upon this notification, the FPPC will rescind this warning letter and proceed with administrative prosecution of this case. If we don't receive such notification, this warning letter will be posed on the FPPC's website ten (10) days fro the date of this letter.

The FPPC publishes forms and manuals to facilitate compliance with the provisions of the Act. If you need forms or a manual, or guidance regarding your obligations, please call the FPPC's Technical Assistance Division at 1-866-275-3772. Please also visit our website at www.fppc.ca.gov.

If you have any questions regarding this matter, please feel free to contact Teri Rindahl at 916-327-2018.

Sincerely,

REDACTED

Gary S. Winuk
Chief, Enforcement Division

GSW/tr