

State of California

A-77-290



Fair Political Practices Commission

P.O. BOX 807 • SACRAMENTO, 95804 ••• 1100 K STREET BUILDING, SACRAMENTO, 95814

Technical Assistance/Administration	•••	Executive/Legal	•••	Enforcement	•••	Conflict of Interest
(916) 322-5660		322-5901		322-6441		322-6444

November 14, 1977

Mr. William J. Johnston
 Superintendent, Los Angeles
 City Board of Education
 Administrative Offices
 450 No. Grand Avenue
 Post Office Box 3307
 Los Angeles, California 90051

Dear Mr. Johnston:

Thank you for your letter of August 25, in which you seek advice regarding the disclosure and disqualification obligations of a school district employee whose position is designated in a Conflict of Interest Code of the District.

You indicate that the employee contemplates establishing a "blind trust". You further indicate that the trustee of the trust would have "complete discretion in retaining, buying, and selling securities on behalf of the trustor (the District employee). The trustor would have no knowledge of the trust holdings or the trust transactions during the life of the trust".

The staff of the Commission is currently considering the entire issue of the reportability of trust assets. The Commission has directed that the staff advice pertaining to the matter of trusts be submitted to the Commission prior to dissemination as staff advice. It is possible that the Commission will elevate the entire question of trust disclosure to the level of a formal opinion. I regret that I cannot be more definitive with respect to this matter.

Further inquiries should be directed to Mr. Ted Prim, the new Chief of the Conflicts of Interest Division of the Fair Political Practices Commission.

Sincerely,

Delbert L. Spurlock, Jr.
 Delbert L. Spurlock, Jr.
 Staff Attorney
 Conflicts of Interest Division

DLS:mfa

LOS ANGELES CITY BOARD OF EDUCATION

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ADMINISTRATIVE OFFICES
450 NORTH GRAND AVENUE
P. O. BOX 3107
LOS ANGELES, CALIFORNIA 90051
625 6251

WILLIAM J. JOHNSTON
SUPERINTENDENT OF SCHOOLS

77290

August 25, 1977

Mr. Del Spurlock
Chief
Conflict of Interest Division
Fair Political Practices Commission
1100 K Street
Sacramento, CA 95814

Dear Mr. Spurlock:

Your opinion is requested as to the following.

A designated District employee in a decision-making position, who holds considerable and varied stock and bond interests in conglomerates as well as single-product companies, is concerned that he will be unable, in the exercise of his duties, to at all times be certain that he is not recommending a contract that might impact a company or companies in which he has stock or bond holdings. The extent of his holdings is such that the related income might exceed five percent of the employee's total income. To avoid any potential problems, the employee has indicated that he wishes to place his security holdings in a "blind trust".

The nature of the trust would be such that the trustee would have complete discretion in retaining, buying, and selling securities on behalf of the trustor (the District employee). The trustor would have no knowledge of the trust holdings or the trust transactions during the life of the trust. Each year the trustee would provide the trustor with a general accounting which would consist solely of the trust balance and a statement as to the net gain or loss on security transactions, total dividend and interest income, and a summary of any other income or expense items which affected the ending trust balance. The trust could be terminated upon reasonable notice by either the trustor or the trustee, at which time a complete and detailed accounting would be rendered. The trustor

Mr. Del Spivey
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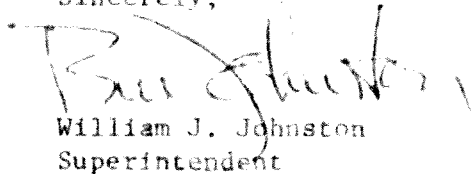
proposes to list his beneficial interest in the trust on the disclosure form required by the District's Conflict of Interest Code.

He has asked the following questions.

1. Does the disclosure of his beneficial interest in the trust meet the disclosure requirements established by Government Code Section 87100 et seq?
2. Assuming that the conflict of interest language in the District's Conflict of Interest Code is identical to the conflict of interest language in Proposition 9 (Government Code Sections 87100-87103), does the arrangement described herein allow the employee to engage in business transactions on behalf of his employer school district with companies whose securities may be held by the trust.

Your early response to this inquiry is appreciated as we plan to implement the District's Conflict of Interest Code in September, 1977.

Sincerely,



William J. Johnston
Superintendent

WJJ:de
cc: W. Lucas

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Mr. Del Spurlock
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proposes to list his beneficial interest in the trust on the disclosure form required by the District's Conflict of Interest Code.

He has asked the following questions.

1. Does the disclosure of his beneficial interest in the trust meet the disclosure requirements established by Government Code Section 87300 et seq?
2. Assuming that the conflict of interest language in the District's Conflict of Interest Code is identical to the conflict of interest language in Proposition 9 (Government Code Sections 87100-87103), does the arrangement described herein allow the employee to engage in business transactions on behalf of his employer school district with companies whose securities may be held by the trust.

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Sincerely,



William J. Johnston
Superintendent

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cc: W. Lucas