

State of California



Fair Political Practices Commission

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

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February 17, 1981

Bill Cerruti
Legal Division
Department of Alcohol
and Drug Programs
111 Capitol Mall
Sacramento, CA 95814

A-81-02-083

Dear Mr. Cerruti:

The purpose of this letter is to confirm in writing the advice I gave you over the telephone. You asked about the disclosure and disqualification obligations imposed by the Political Reform Act on the Director of the Department of Drug and Alcohol Programs. The facts, as I understand them, are as follows.

The primary function of the Department of Drug and Alcohol Programs is to fund drug treatment programs. The Director of this Department also sits on the board of directors of a National Association of directors of state drug and alcohol programs. The National Association is considering forming a wholly owned subsidiary which would engage in profit making activities. Specifically, the subsidiary would carry out drug and alcohol treatment programs.

These facts indicate that the Director may have a conflict of interest with respect to decisions affecting the National Association and/or the subsidiary. However, without further information it is impossible to advise you as to whether or not a conflict exists.

In order to advise you, I need to have the following information.

1. The type of programs funded by the Department and whether they are profit or nonprofit programs.
2. A full description of the National Association including its profit or nonprofit status, its sources of funding and the character of its membership.

Bill Cerruti
February 17, 1981
Page Two

3. Whether and to what extent the Director is paid or receives benefits as a result of his position on the Board of the National Association.

4. A full description of the subsidiary including its relationship to the parent and its potential relationship to the Department.

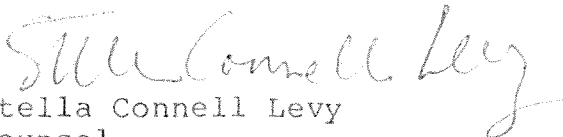
The disqualification provisions of the Political Reform Act are contained in Government Code Sections 87100-87103. Section 87100 provides that:

"No public official at any level of state or local government shall make, participate in making or in any way 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."

Since the Director may have a financial interest in the National Association and the subsidiary, he may wish to exercise caution by disqualifying himself from making or influencing decisions which would have a material financial effect on the National Association or the subsidiary.

The Director's disclosure obligations are spelled out in the Conflict of Interest Code for the Department of Drug and Alcohol Programs. If you have any specific questions as to how this code applies to the Director, please feel free to call me.

Sincerely,


Stella Connell Levy
Counsel
Legal Division

SCL:plh