

RAVI MEHTA
CHAIRMAN



FAIR POLITICAL PRACTICES COMMISSION
September 11, 1997

Ms. Mary J. Griffin, President
Mary J. Griffin and Associates
1121 L Street, Suite 406
Sacramento, CA 95814

**Re: Your Request for Advice
Our File No. A-97-452**

Dear Ms. Griffin:

This letter is a response to your request for advice regarding the provisions of the Political Reform Act (the "Act").¹

QUESTION

As a lobbying firm, are you required to report compensation in the form of company stock which currently has no value? If so, how should you report the amount of the compensation?

CONCLUSION

Yes. You must report "advances or other payments" received for lobbying services. The value of this compensation would be considered the fair market value of your services.

FACTS

You are a registered lobbying firm. One of your clients has proposed a partial payment plan for your services in the form of stock in your client's company. You and your client would be the only stockholders. You have declared that the stock has no value at this time, nor is it traded publicly or privately.

ANALYSIS

The Act requires lobbying firms to file periodic reports containing, in part, "the total amount of payments received for lobbying services during the period." (Section 86114(a)(3).)

¹ Government Code sections 81000 - 91014. Commission regulations appear at title 2, sections 18109 - - 18995, of the California Code of Regulations.

The Act defines "payment" as:

"A payment, distribution, transfer, loan, *advance*, deposit, gift or other rendering of money, property, services or anything else of value, whether tangible or intangible." [Emphasis added.] (Section 82044.)

In addition, a payment to influence legislative or administrative action includes:

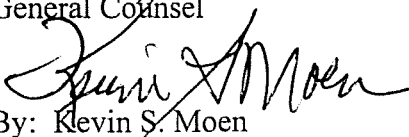
"(a) Direct or *indirect* payment to a lobbyist whether for salary, fee, compensation for expenses, or any other purpose, by a person employing or contracting for the services of the lobbyist separately or jointly with other persons..." [Emphasis added.] (Section 82045.)

While your client may declare that the stock in question has "no value," by the very nature of stock it may have cash value in the future. With the Act including the terms "advance" and "indirect" in the definition of payment, we conclude that the stock is reportable. The fair market value of your services, the amount you would otherwise charge, is the amount you should report as the value of the stock.

If you have any questions, please feel free to call me at (916) 322-5660.

Sincerely,

Steven G. Churchwell
General Counsel


By: Kevin S. Moen
Political Reform Consultant
Technical Assistance Division