February 10, 2016
Presented by
Arnold Jenner Blanshard, CPA/CRMA/MBA
President, IIA-LA Chapter
Conflict of Interest

Sources of Conflict of Interest Rules

- Common Law Rules – Court decisions
- Conflict of Interest Laws
  - Government Code
- Political Reform Act of 1974
  - Ethics in Government Act of 1990
Conflict of Interest

General Principles

- Keepers of the public trust
- No use of public trust for personal benefit
- A decision in which a public officer has a personal interest is void as against public policy and because the interest of the officer interferes with the unfettered discharge of his duty to the public.
No financial interest in any contract made in one’s official capacity, or by any body or board of which one is a member.

- Government Code Section 1090

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.

- Government Code Section 87100
Intentional violation is a misdemeanor.
- Fine of up $10,000 or three times the amount the person failed to report or unlawfully contributed, expended, gave or received.
  - Government Code Section 91000

Intentional violation of Section 1090
- Fine of not more than one thousand dollars ($1,000), or by imprisonment in the state prison, and is forever disqualified from holding any office in this state.
  - Government Code Section 1097
  - People v. Robert Rizzo
Ethics in Government Act of 1990

- Gifts
- Gifts of travel
- Honoraria
- Campaign Funds
  - Elected Officers
  - Positions Designated in the Conflict of Interest Code
  - Government Code Section 89500, et seq.
Conflict of Interest
Gifts Prohibited

- No designated employee of a state or local government agency shall accept gifts from any single source in any calendar year with a total value of more than $250 if the employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

Government Code Section 87503(c)
Conflict of Interest

Did the Gift Come From a Source that I am Required to Report?

- Disclosure Categories 1, 2 and 3
  - All interests in real estate in the jurisdiction
  - All investments and business positions
  - All income and business positions
- Disclosure Category 4
  - All business positions, investments in, income, gifts, and loans from a business that does business with the District
  - “Income” includes gifts and gifts of food and beverages
- Government Code Section 82030
Any person who knowingly or willfully violates a conflict of interest statute is guilty of a misdemeanor.

Violation may lead to a fine of up $10,000 or three times the amount the person failed to report or unlawfully gave or received.

Government Code Section 91000
Conflict of Interest
Violation of Conflict of Interest Laws

- By Designated Employees
  - Form 700 is filed under Penalty of Perjury
  - Failure to Disclose or Under-Disclosing
    - Felony in Violation of Penal Code Section 118
    - Perjury is punishable by imprisonment for two, three or four years.
      - Penal Code Section 126
Conflict of Interest

Disclosure Duties

- Certain positions must file a financial disclosure statement
- Report financial interests based on position and categories
- Recommended online ethics training: California Attorney General program
Questions