



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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February 21, 2023

Margaret Long
Tehama County Counsel
727 Oak Street, Suite 223
Red Bluff, California 96080

Re: Your Request for Advice
Our File No. A-22-128

Dear Ms. Long:

This letter responds to your request for advice on behalf of Tehama County Supervisor Bill Moule regarding the Political Reform Act (the “Act”) and Government Code Section 1090, et seq.¹ Please note that we are only providing advice under the Act and Section 1090, not under other general conflict of interest prohibitions such as common law conflict of interest.

Also, note that we are not a finder of fact when rendering advice (*In re Oglesby* (1975) 1 FPPC Ops. 71), and any advice we provide assumes your facts are complete and accurate. If this is not the case or if the facts underlying these decisions should change, you should contact us for additional advice. Lastly, the Commission does not provide advice with respect to past conduct. (Regulation 18329(b)(6)(A).) Therefore, nothing in this letter should be construed to evaluate any conduct that may have already taken place, and any conclusions contained in this letter apply only to prospective actions.

We are required to forward your request regarding Section 1090 and all pertinent facts relating to the request to the Attorney General’s Office and the Tehama County District Attorney’s Office, which we have done. (Section 1097.1(c)(3).) We did not receive a written response from either entity. (Section 1097.1(c)(4).) We are also required to advise you that, for purposes of Section 1090, the following advice “is not admissible in a criminal proceeding against any individual other than the requestor.” (See Section 1097.1(c)(5).)

QUESTIONS

1. Under the Act or Section 1090 will Supervisor Moule have a conflict of interest in future decisions regarding the County’s contract for Housing Support Program (“HSP”) customer’s tenant

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 18104 through 18998 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.

screening with his business, Business Connections, including a renewal or update of the contract upon its expiration?

2. Does Supervisor Moule have a conflict of interest in future County decisions to provide HSP grant payments for housing payments and housing support to tenants with a rental agreement with Business Connections and its property management company, Landlord Support Services?

3. Does Supervisor Moule have a conflict of interest in future County decisions to use Business Connections for its preemployment and for its fingerprinting services on a case-by-case basis?

CONCLUSIONS

1. Yes. Under Section 1090, Supervisor Moule has a financial interest in the contract which prohibits the County from renewing or updating the contract. Based on the facts presented no remote or noninterest exceptions are applicable that would allow the contract to be renewed or updated. The rule of necessity is not applicable as this is a contract for foreseeable services, there is no indication that the services are urgent, and there is at least one other business in the area that can provide the service, although it is less convenient. The County and Business Connections are not prohibited from continuing their relationship under the existing contract.

2. Yes. Supervisor Moule has a prohibitive conflict of interest in these decisions under the Act and Section 1090. However, we find that the County may continue to make decisions to provide the HSP grants, affiliated grants, and housing services to its HSP customers with a lease agreement with the Supervisor's business, Business Connections and its property management company, Landlord Support Services, because his interest is that of landlord to the contracting party and thus a remote interest under Section 1091(b)(5). Supervisor Moule must recuse himself from such decisions pursuant to the Act and Section 1090, as discussed below.

3. Yes. The case-by-case transactions for Business Connection's services are in the nature of a contract for purposes of Section 1090, Supervisor Moule has a financial interest in these transactions as an owner of the business, and no remote or noninterest exception is applicable that would allow the County to continue making decisions to use Business Connections for these services. Based on the facts presented, the rule of necessity is also not applicable.

FACTS AS PRESENTED BY REQUESTER

Bill Moule was appointed Tehama County Supervisor to fill a vacancy and assumed office on October 27, 2021. Supervisor Moule and his spouse, Lynn Moule own Business Connections, which provides preemployment background screenings, fingerprinting services, and tenant credit and background screenings. Through their company, Business Connections, Supervisor Moule and his spouse also own a property management company, Landlord Support Services, operated by Lynn Moule, that manages rental properties in the City of Red Bluff, located in Tehama County.

1. County CalWORKS HSP Contract for Tenant Screenings

The County, through its Department of Social Services ("TCDSS" or "County DSS"), currently has a contract with Business Connections to provide tenant screenings, credit reports and background checks, for participants in the CalWORKS Housing Support Program ("HSP") referred

by the County. You provided the contract as a part of your request. Under this contract, Business Connections provides the tenant screening service and submits an itemized invoice to the County for all services during the calendar month on an agreed upon flat fee. The County pays for services properly invoiced under the contract. The contract term is two years, from April 1, 2021, to June 30, 2023. The contract may be terminated if the federal, state or county funding for the Program ceases, decreases materially or if the County Board of Supervisors fails to appropriate funds in a given fiscal year. The reports generated by Business Connections are a part of the application submitted by a HSP participant (“customer”) when applying for housing opportunities.

In response to our request for additional information, you state that the County has attempted to work with a company in Redding, which is located in Shasta County, but this has “not worked due to the travel involved and the delays in response.” The County understands that there are no other options for tenant screenings in Tehama County.

2. Housing Services provided to HSP Customers² that are Tenants of Business Connections.

Additionally, the County provides services, including HSP housing subsidies, that may flow to tenants that are in rental agreements with Business Connections through its property management company, Landlord Support Services. The County DSS contracts with the Tehama County Community Action Agency (“TCCAA”) for the administration of HSP. TCCAA is also a Community Services Block Grant (“CSBG”) organization that provides services including rental assistance, wraparound case management, family support, and eviction prevention services for seniors and disabled.

Through a combination of CSBG and CalWORKs funding, TCCAA provides rental assistance for families that lack of stable housing to take part in services to become self-sufficient. The program requires the family to participate in services to assist in gaining sufficient employment to be able to pay rent after the program pays deposit and some rental assistance on behalf of the customer. In order for this program to succeed, County staff (TCDSS and/or TCCAA) have worked very hard to establish relationships with landlords to be willing to rent to families with a poor rental history, or a history of eviction. As a small county, there are not many landlords to choose from, much less many that will work with the County program. Due to the lack of affordable low-income housing in the County, these units are harder and harder to come by.

The County has worked with Supervisor Moule’s spouse, Lynn Moule, since approximately 2016, which is prior to Supervisor Moule being in office. Since 2019, the County has housed fourteen families with Business Connections’ property management company, Landlord Support Services. Currently, there are five families in the caseload that are housed through them. You state, “If we lost our ability to rent via Lynn Moule, we foresee many of our clients having less access to affordable units, which could lead to homelessness, and this is a terrible possibility.” You also state: “[w]ithout these houses, there are a number of individuals who would have to be evicted and would return to a homeless status. There are no other qualified housing units in Tehama County that these individuals could be moved to.”

² County staff notes in clarifying the facts that in some instances the funding for housing may come from TCCAA in its capacity as a Community Services Block Grant (“CSBG”) organization. The term “HSP customer” is used to apply to both TCAA “customers” to the extent the services and support provided are of a similar nature.

The County works with Business Connections through their property management company, Landlord Support Services, to help connect HSP customers to housing opportunities. The business relationship and housing resources are valuable to the County. The County does not pay for this or have a contract with Lynn Moule and her businesses. However, this relationship may allow the business to rent more properties because of its willingness to work with the County and the HSP families.

Once a HSP customer has entered into a lease agreement, TCCAA works with the customer to establish how much of their rent needs to be subsidized from the program in order for them to maintain their housing. TCCAA works with the customer to determine what fees, deposit and ongoing subsidy is needed. At that time, TCCAA then puts in a monthly request to Social Services to pay on behalf of the customer. Neither TCCAA, nor TCDSS, is involved in the established rental agreement between the customer and the landlord; these agencies solely provide financial support on behalf of the customer.

You note that TCDSS receives funding from federal, state and local realignment revenues for additional housing programs for low income families.³

3. County use of Business Connections: Fingerprinting and Background Services

Additionally, the County uses Business Connections for background checks and preemployment screenings/fingerprinting services for potential employees and has done so for many years. There is not a negotiated contract for these services, and the County uses the services on a case-by-case basis. The County has determined that the closest alternate location for fingerprinting services is in Shasta County, approximately 30 miles away. The County is currently facing the same hiring challenges as the rest of the state, and this would add an additional hardship and extend the timeline for onboarding potential employees. In response to our request for additional information, you explained that the County Sheriff's Office only provides fingerprinting services for Department of Justice required backgrounds due to staff shortages.

During the course of this request, you also identified that the County's Child Protective Services ("CPS") may occasionally use Business Connections for fingerprinting foster

³ TCDSS has Internal MOUs with TCCAA to assist in administering these programs:

- a) CalWORKs Family Stabilization, which is a partner program to HSP.
- b) Home Safe, which is a housing program for dependent adult and elder customers.
- c) Housing and Disability Advocacy Program (HDAP), which provides housing support and application assistance for disability benefits.

TCDSS can also provide money management for families receiving CalWORKs public assistance (grants). Money management pays expenses including rent, on behalf of the family, directly to the vendor or landlord, in the following circumstances:

- a) Family can voluntarily opt into money management.
- b) When a family's rent is more than their grant.
- c) When a CalWORKs Welfare to Work participant has been sanctioned for more than three months, they are automatically enrolled in money management (non-voluntarily).

parent/resource families. For example, previously CPS paid Business Connections on behalf of a relative caregiver who needed to be fingerprinted but could not afford the cost.

ANALYSIS

A. Section 1090

Section 1090 generally prohibits public officers, while acting in their official capacities, from making contracts in which they are financially interested. Section 1090 is concerned with financial interests, other than remote or minimal interests, that prevent public officials from exercising absolute loyalty and undivided allegiance in furthering the best interests of their agencies. (*Stigall v. Taft* (1962) 58 Cal.2d 565, 569.) Section 1090 is intended “not only to strike at actual impropriety, but also to strike at the appearance of impropriety.” (*City of Imperial Beach v. Bailey* (1980) 103 Cal.App.3d 191, 197.) A contract that violates Section 1090 is void. (*Thomson v. Call* (1985) 38 Cal.3d 633, 646.)

Although Section 1090 does not specifically define the term “financial interest,” case law and Attorney General opinions state that prohibited financial interests may be indirect as well as direct, and may involve financial losses, or the possibility of losses, as well as the prospect of pecuniary gain. (*People v. Vallergera* (1977) 67 Cal.App.3d 847, 867, fn. 5; *Terry v. Bender* (1956) 143 Cal.App.2d 198, 207-208; 85 Ops.Cal.Atty.Gen. 34, 36-38 (2002); 84 Ops.Cal.Atty.Gen. 158, 161-162 (2001).) Officials are deemed to have a financial interest in a contract if they might profit from it in any way. (*People v. Honig* (1996) 48 Cal.App.4th 289, 333.) When an officer with a proscribed financial interest is a member of the governing body of a public entity, the prohibition of Section 1090 also extends to the entire body, regardless of whether the member actually participates in the making of the contract; and it applies regardless of whether the terms of the contract are fair and equitable to all parties. (*Thomson v. Call*, *supra* at pp. 645 & 649.)

The Legislature has expressly defined certain financial interests as “remote” or “noninterest” exceptions to Section 1090’s general prohibition. Where a remote interest is present, the contract may be lawfully executed provided (1) the officer discloses his or her financial interest in the contract to the public agency; (2) the interest is noted in the public body’s official records; and (3) the officer completely abstains from any participation in the making of the contract. (Section 1091.) Where a noninterest is present, the contract may be executed without the abstention. (Section 1091.5.)

Supervisor Moule is a public official subject to the requirements of Section 1090. Supervisor Moule has a financial interest in Business Connections and its property management company, Landlord Support Services, due to his ownership interest and that of his spouse.⁴ Therefore, he may not participate in his official capacity in making a contract which involves Business Connections or its property management company, Landlord Support Services, unless a statutory exception or the rule of necessity applies.

⁴ Under settled case law, Attorney General’s opinions, and Commission advice letters, an officer is *always* financially interested in a source of income to his or her spouse for purposes of Section 1090. (See 78 Ops.Cal.Atty.Gen. 230 (1995); 81 Ops.Cal.Atty.Gen. 169 (1998); *Stadel* Advice Letter, No. A-20-120.)

Typically, a contract is “made” on mutual assent of the involved parties. (*Stigall, supra*, at p. 569.) In addition, “making or participating in making a contract” has been broadly construed to include those instances where a public official has influence over the contract or its terms. (See 80 Ops. Cal. Atty. Gen. 41.) Notably, when members of a public board, commission or similar body have the power to execute contracts, each member is conclusively presumed to be involved in the making of all contracts by his or her agency regardless of whether the member actually participates in the making of the contract. (*Thomson v. Call, supra* at pp. 645 & 649; *Fraser-Yamor Agency, Inc. v. County of Del Norte* (1977) 68 Cal.App.3d 201; 89 Ops.Cal.Atty.Gen. 49 (2006).)

Additionally, when a governmental board ultimately has the authority over the contracts made by a subordinate decision maker, generally the board members have participated in the resulting contract thereby triggering Section 1090 by exercising their authority to review or not to review the contracts. (See *City of Imperial Beach v. Bailey, supra*, 103 Cal. App.3d at p. 195 [where the city council has authority to approve the city’s unilateral action to set the rate charged to a concession stand, “it is not [the councilmember’s] participation in the voting which constitutes the conflict of interest [under Section 1090], but her potential to do so”]; 88 Ops.Cal.Atty.Gen. 122, 124 (2005) [a city council has indirectly participated in the city’s decisions regarding advertising rates in the city’s quarterly brochure because “in effect” the city council approves the advertising rates in approving the proposed revenue derived from advertising specified in the city budget]; 87 Ops.Cal.Atty.Gen. 9 (2004) [the governing board of a school district may not avoid Section 1090 by adopting a policy delegating to the district superintendent its authority to contract on behalf of the district].)

1. County CalWORKS HSP Contract for Tenant Screenings

Supervisor Moule, as an owner of the business, has a financial interest in Business Connections and thus has a prohibitive financial interest in decisions involving the County CalWORKS HSP contract with Business Connections. The facts indicate that the Board of Supervisors has ultimate authority over the contract, in that it has budgetary authority over the County Department of Social Services (“TCDDS”) agency and over the funds for the contract. We note that the County and Business Connections are not prohibited from continuing their relationship under the existing contract entered into prior to his appointment to the Board of Supervisors. However, the upcoming decision for the County to renew and update the contract would constitute the “making of a contract” that is prohibited under Section 1090. We note that the court in *City of Imperial Beach v. Bailey, supra*, specifically found that where a party to a contract becomes a public official subject to Section 1090, the government agency could not renew or extend the contract as the renewal would constitute the “making of a contract.” (See also, 81 Ops.Cal.Atty.Gen. 134 (1998) [renegotiating rental rates and fees under a contract is the making of a contract and prohibited once one of the general partners to the agreement with the city became a city councilmember].)

Rule of Necessity

As the facts presented do not indicate the application of either a remote interest under Section 1091 or a noninterest under Section 1091.5, we examine the rule of necessity. The rule of

necessity acts to allow a government decision even where it would otherwise be prohibited in two types of situations, one of which is where the facts indicate the contract is for “essential” goods or services and no alternative source for the services exists. The rule ensures that essential government functions are performed even where a conflict of interest exists. (*Eldridge v. Sierra View Local Hospital Dist.* (1990) 224 Cal.App.3d 311, 322.)

The rule of necessity has only been applied in limited situations. For example, the Attorney General applied the exception to allow a city to obtain emergency nighttime services from a service station owned by a member of the city council where the town was isolated, and the council member's station was the only one in the area that was open. (4 Ops.Cal.Atty.Gen. 264, 264 (1944).) The Attorney General cautioned, however, that “routine and foreseeable services must be obtained from an unconflicted source.” (*Ibid.*) Similarly, the Attorney General applied the exception to a healthcare district in a remote area when contracting to advertise its services on a local radio station, even though one of the district's directors was employed at the station. After the district explored other outlets, it was clear that the radio station was the only source that would deliver the necessary information in an efficient, cost-effective, and timely manner. (88 Ops.Cal.Atty.Gen. 106 (2005).) The Attorney General also applied this where the city councilmember was the only certified drug tester in the immediate area and time was of the essence in performing the test on city employees involved in a traffic accident. (91 Cal. Op. Atty. Gen.8 (2008).) What these situations have in common is the exigency of the circumstances such that delaying action to contract with a non-conflicted source would be to the detriment of the public.

The facts presented do not indicate such urgency or public detriment that would allow a contract with a conflicted source under this rule. We note that in situations involving families that lack housing and require County case management services, it may prove more difficult to obtain tenant screenings and background checks from a business located outside the County. The facts indicate that the County has tried using a business in a neighboring county, located 30 miles away, and that to date this “has not worked due to the travel involved and the delays in response.” However, absent facts that would show detriments to the public, this is a contract for foreseeable services, there is another business in the general vicinity that can provide services of the sort that the Supervisor’s business provides, although at some inconvenience, and the rule of necessity is not applicable. The Attorney General has found that the rule of necessity will not apply as long as the agency can locate another business that can supply the products it requires, and the fact that contracting with sources farther away might result in increased costs or be more convenient does not negate the conflict. (97 Ops. Cal. Atty. Gen., 70 (2014), citing *Thomson v. Call*, *supra* at p. 649); and 4 Ops.Cal.Atty.Gen. 264, *supra*.)

2. County Housing Services provided to HSP Customers that are Tenants of Business Connections.

The “contract” at issue here is the County’s HSP grant, and other grant funding such as CSBG that may be used in coordination, which subsidizes the tenant’s rent payments under a lease where Business Connections is the landlord. (Note that the facts clearly state that the lease agreement is between the Supervisor’s business and the HSP customer, and we do not further examine the landlord-tenant lease agreement.) Supervisor Moule has a financial interest in County grant payments that subsidize lease agreements made between the HSP customers and Business

Connections. These payments are tied to the lease agreements and make it possible for the HSP customers to make the rental payments. The County's support services, such as case management and employment services, provided to the business's tenants also assist the tenants in making the rental payments.

Remote Interest for Landlord or Tenant of the Contracting Party.

Section 1091(b)(5) defines a remote interest to include “[t]hat of a landlord or tenant of the contracting party.” Here, Supervisor Moule’s interest is that of a landlord to the HSP customer who is receiving the housing support grant payments and services. This remote interest is applicable, even where the decision results in payments that benefit the landlord or tenant. (89 Ops. Cal. Atty. Gen. 193 (2006).) In this 2006 matter, the city council member was a tenant of a developer, the government decision involved a proposed subdivision improvement agreement between the city council and a developer, and the agreement entitled the official as a tenant to receive assistance funds disbursed under the agreement. The opinion states:

We recognize that, given the prospect of tenant financial assistance under the subdivision improvement agreement, the council member’s financial interest here goes beyond the typical rental agreement between landlord and tenant. Nevertheless, the proposed financial assistance program is based solely upon the landlord-tenant relationship . . .

(*Id.* at p. 197.)⁵

A past advice letter similarly applied this remote exception where the city decision was to approve a settlement with an official’s tenant for property and disbursement claims relating to a burst sewer line affecting the official’s property as to his tenant’s claims against the city. (*Devany* Advice Letter, No. A-14-142.)

Under the requirements of a “remote interest” exception, the contract may be made if (1) the Supervisor Moule discloses his financial interest in the contract to the County Board of Supervisors, (2) such interest is noted in the entity’s official records, and (3) he abstains from any participation in the making of the HSP grant or housing services decisions. (Section 1091(a).)

3. County’s Use of Business Connections’ Services: Case-by-Case Basis.

Unlike the HSP customer’s background screening services, the County does not have a contract with Business Connections to provide the County with preemployment background checks or fingerprinting services. The facts state that Business Connection’s services are used on a case-by-

⁵ Note: The contracting party is interpreted in this instance in Section 1091(b)(5), as the party who is attempting to contract with the government agency, not the government agency. (See for example, *Russell* Advice Letter No. A-14-033, discussion citing 89 Ops. Cal. Atty. Gen. 193, *supra*; and 84 Ops. Cal. Atty. Gen. 158 (2001).)

case basis. However, we find that the procurement of Business Connection's services by the County is similarly in the nature of a contract for purposes of Section 1090, and thus prohibited.

Attorney General opinion, 97 Ops. Cal. Atty. Gen., 70, *supra*, examined whether a city could continue to procure a glass manufacturing company's products or services after the co-owner became a city councilmember. The opinion states, "[h]ere the proposed contractual transactions fall squarely within the conduct prohibited by [S]ection 1090." (*Id.* at p. 71.) The Attorney General stated:

Whether a given transaction amounts to a "contract" for purposes of section 1090 is determined with reference to traditional contract principles. (84 Ops. Cal. Atty. Gen. 34, 36 (2001).) At the most basic level, "[a] contract is an agreement to do or not to do a certain thing." (Civ. Code, § 1549.) Consequently, the city would enter into a contract with the glass business if the glass business agreed to provide a service to the city. Purchases made from the store would also be contracts, because purchases and sales are considered contracts within the context of section 1090. (63 Ops. Cal. Atty. Gen. 19, 20 (1980).)⁶

(97 Ops. Cal. Atty. Gen., 70, *supra*, at p. 72, ft. 6)

Additionally, the Attorney General stated that the fact that the city staff made purchase decisions without the involvement or direction from its city council was found to be "of no legal consequence" due to the fact that there was "no claim here that city staff have any purchasing authority other than that delegated to them by the city council, or that the staff are not subject to the council's control." (97 Ops. Cal. Atty. Gen., 70, *supra*, at pp. 72-73.)

Under the facts presented in this matter, there is similarly no claim that the County is acting other than under its authority delegated by the County Board of Supervisors. Each transaction is considered a contract decision for purposes of Section 1090. There are no facts presented to support the finding of a remote interest or a noninterest exception applicable to these transactions. Lastly, the facts do not indicate that the County is unable to obtain these services from another business, only that it will cause some hardship on the County to use a source outside the area, and the rule of necessity does not apply.

B. The Act.

The Act's conflict of interest provisions prohibit any public official from making, participating in making, or otherwise using his or her official position to influence a governmental decision in which the official has a financial interest. (Section 87100.) A public official has a

⁶ We have found that in limited instances, small retail purchases for goods such as gas, feed/hardware, or books do not fall in the category of the type of contracts prohibited by Section 1090. (See *Hammond* Advice Letter, FPPC No. A-15-134, *Deel* Advice Letter, No. A-16-188, and *Burns* Advice Letter, No. A-16-223.)

“financial interest” in a governmental decision, within the meaning of the Act, if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on one or more of the public official’s interests. (Section 87103; Regulation 18700(a).) Relevant to the facts provided, Section 87103 defines a financial interest to include:

- (a) Any business entity in which the public official has a direct or indirect investment worth \$2,000 or more; or is a director, officer, partner, trustee, employee, or holds any position of management.
- (b) Any source of income, aggregating \$500 or more in value provided or promised to, received by, the public official within 12 months prior to the time when the decision is made.⁷

Supervisor Moule has a business entity interest and a source of income interest in Business Connections and its property management company, Landlord Support Services. Therefore, he must recuse himself from making, participating in making or influencing a government decision that will have a reasonably foreseeable and material financial effect on either business. At issue is whether it is reasonably foreseeable that the County decisions on each of the above issues will result in a material financial impact on Business Connections.

Questions 1 & 3. County’s Use of Business Connections for HSP Tenant Screenings, and for Preemployment Background Checks, Fingerprinting.

Due to our finding that the County’s decision to renew or update its contract with Business Connections for tenant background checks is prohibited under Section 1090; and that the County’s use of Business Connections for preemployment background checks and for fingerprinting services is in the nature of a contract and also prohibited under Section 1090, we do not further discuss the Act’s application to these issues.

Question 2. County Housing Services provided to HSP Customers that are Tenants of Business Connections.

A financial effect is presumed reasonably foreseeable where the official’s financial interest is explicitly involved as a named party in, or subject of, the decision. (Regulation 18701(a).) The reasonably foreseeable financial effect of a governmental decision on an official’s financial interest in a business entity is material if the source is a named party in, or the subject of, the decision, including where the business is subject to an action taken by the agency that is directed at the entity. (Regulation 18702.1(a)(1)(G).) The reasonably foreseeable financial effect of a governmental decision on an official’s financial interest in a source of income is material if the source is a named party in, or the subject of, the decision. (Regulation 18702.3(a)(1).)

Under the facts presented, the HSP subsidies and housing support services would assist a Business Connections’ tenant in paying their rent. The lease between the HSP customer and

⁷ The Act’s definition of “income” includes any community property interest in the income of a spouse, and it includes a pro rata share of the income of any business entity or trust in which the official or spouse owns directly, indirectly, or beneficially, a 10-percent or greater interest. (Section 82030(a).)

Business Connections is the subject of the HSP subsidy and the housing support. Thus, under Regulation 18702.1(a)(1)(G), where the business interest, including business as a source of income, is the subject of the decision, the reasonably foreseeable financial effect of the governmental decision on an official's financial interest is material. Supervisor Moule has a disqualifying conflict of interest in these decisions, he may not participate, and he must recuse himself from these decisions in accordance with the disqualification requirements in Regulation 18707. In addition to the requirements of recusal under Section 1090, Regulation 18707 requires that the official leave the room.

If you have other questions on this matter, please contact me at (916) 322-5660.

Sincerely,

Dave Bainbridge
General Counsel

L. Karen Harrison

By: L. Karen Harrison

Senior Counsel, Legal Division

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