

# **Government Ethics and Conflict of Interest Review Project**

## **Phase II: Report on Gift Laws Part A: Gifts to Individuals**

**San Francisco Ethics Commission**

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# Government Ethics and Conflict of Interest Review Project Status

**Phase I: Behested Payments**

**Phase II: Gifts**

**Phase III: Misc.**

**Part A  
Gifts to  
Individuals**

**Part B  
Gifts through  
City  
Departments**

**Report  
Presented  
November 2020**

**Report  
Presented  
August 2021**

(File 201132 Pending)

# Government Ethics and Conflict of Interest Review Project - Gifts Background

- Federal criminal charges: **11** individuals
  - **2** City Dept. Heads; **1** City Employee
  - Plea Agreements: **8** individuals (**1** City employee)
- Local criminal charges: **1** individual (former City employee)
- City officials and employees resigned or terminated: **6**

# San Francisco's Restricted Source Rule

- *City officials and employees cannot accept gifts from restricted sources\**
  - *Persons doing or seeking to do business with their department*
  - *Persons who have sought to influence the official or employee*

\*Subject to exceptions

# Background

Alleged Gifts from Restricted Sources (Federal Complaints):

- Free meals and alcohol
- Travel costs for vacations
- \$30,000 watch
- \$40,000 tractor
- \$250,000 of construction services

# Background

## **Apparent Gifts from Restricted Sources (Review of Form 700 Sample):**

- An official was reportedly contacted by a registered lobbyist and then accepted a gift from that lobbyist within seven months of the reported lobbying contact.
- An official reported receiving a dinner and piece of apparel from an entity at a time when the entity was seeking to enter into a contract with the department and likely had attempted to influence departmental decision-makers regarding the contract.
- An official accepted a gift of tickets from an entity that was currently doing business with and actively pursuing additional business opportunities with the department.

# Background

Gifts reported by elected officials, commissioners, and department heads  
2013-2020

Gift Type	Gifts	Value of Gifts
Travel	382	\$649,931
Tickets, Meals, Events, Passes, Etc.	1,091	\$181,293
Misc.	142	\$31,388
Physical Items	137	\$15,948
Cash	27	\$15,894
Consumables	60	\$5,537
<b>Total</b>	<b>1,839</b>	<b>\$899,991</b>

# Goals

- ✓ Reduce danger of undue influence
- ✓ Prevent opportunities for bribes
- ✓ Improve organizational culture
- ✓ Restore public trust



# Approach

- Eliminate loopholes in gift rules
- Make gift rules more robust
- Improve rules' clarity
  
- *Education*
- *Enforcement*

# Recommendations

**Recommendation 1:** *Remove many of the state law exceptions that affect the Restricted Source Rule*

- Not created with restricted sources in mind
- Undermine the purposes of the rule

# Recommendations

**Recommendation 2:** *Reform the local exceptions to the Restricted Source Rule*

- Broad exceptions create opportunities for abuse
  - Free meals
  - Periodic small gifts

# Recommendations

**Recommendation 3:** *Ensure that the Restricted Source Rule applies broadly*

- Prohibit restricted sources from giving a gift
- Prohibit use of intermediaries to launder gifts
- Prohibit gifts to family members

# Recommendations

**Recommendation 4:** *Clarify how the Restricted Source Rule applies to those doing business with the City*

- Define contract, contract proposal, permit applicant, etc.
- Applies to gifts from owners, directors, and officers of restricted- source entities

# Recommendations

**Recommendation 5:** *Reform the exceptions to the subordinate gift rule*

- Clarify which occasions are acceptable for accepting a gift
- Impose limit

# Recommendations

**Recommendation 6:** *Prohibit gifts from permit expeditors to officials and employees in permit-issuing departments*

➤ Model the rule on the lobbyist gift rule

*“Government decisions of officers and employees of the City and County should be, and should appear to be, made on a fair and impartial basis.”*

*San Francisco Government Ethics Ordinance  
Findings and Purpose (§ 3.200)*

