

FORM 54 INSTRUCTIONS

All neighborhood council board members who participate in creating a Neighborhood Council File (NCF) are required to file Form 54 (see Council File Numbers 08-0351 and 08-0942). An NCF will not be processed by the City Clerk's office until all required forms have been submitted to the City Ethics Commission. Board members who recuse themselves from acting on an NCF or who are absent from the meetings at which the NCF are discussed are not required to file.

Please follow the instructions below when completing your form. If you have any questions about the form or your specific circumstances, please contact the City Ethics Commission at (213) 978-1960.

Completed and signed forms must be submitted to the person designated by your neighborhood council board as the coordinator for the NCF filing.

COVER PAGE

- ✓ Enter your name, the name of your spouse or registered domestic partner, your mailing address, your e-mail address, and your daytime telephone number. Because Form 54 is available for public review, you may list your business or office address instead of your home address.
- ✓ Enter the name of the neighborhood council to which you belong and your position on the neighborhood council board.
- ✓ In the "Reporting Period" section, check the box indicating that the period covered by your form is the 12 months prior to introducing or seconding a NCF.
- ✓ In the "Filing Summary" section, enter the total number of completed pages, including the cover page. Check the box for each section you completed or, if you have nothing to disclose in any section, check the box indicating that you have no reportable interests.
- ✓ Date and sign your form. When you sign the form, you are stating under penalty of perjury that it is true and correct. Only you have the authority to sign your form. An unsigned form is considered incomplete and will not be accepted.

PART A: INCOME AND BUSINESS POSITIONS; LOANS

SECTION 1: Income & Business Positions

You must disclose sources from which you received gross income of \$5,000 or more during the reporting period. You must also report sources of income to your spouse or registered domestic partner if your community property share (50%) is \$5,000 or more during the reporting period.

Gross income is the total amount of income before deducting expenses, losses, or taxes and includes loans from a commercial lending institution.

A source of income must be reported only if the source is located in, doing business in, planning to do business in, or has done business during the previous two years in the City of Los Angeles. A business entity is located in or doing business in the City of Los Angeles if the entity has business contacts on a regular or substantial basis with a person who maintains a physical presence in the City of Los Angeles. The same criteria are used to determine whether an individual, organization, or other entity is located in or doing business in the City of Los Angeles.

Commonly reportable income includes:

- Salary/wages, per diem, and reimbursement for expenses (including travel payments) provided by your employer.
- Your community property interest (50%) in your spouse's or registered domestic partner's income.
- Income from investment interests, such as partnerships, reported in Section 3.
- Commission income (see Appendix).
- Gross income from any sale, including the sale of a house or car (report your pro rata share of the total sale price).
- Rental income.
- Prizes or awards not disclosed as gifts.
- Payments received on loans you made to others, including loan repayments from a campaign committee.
- Honoraria.
- Incentive compensation (see Appendix).

You are not required to disclose:

- Salary, reimbursement for expenses, per diem, social security, disability, or other similar benefit payments received by you or your spouse or registered domestic partner from a federal, state, or local government agency.
- Income of dependent children.
- Payments received under an insurance policy.
- Interest, dividends, or premiums on a time or demand deposit in a financial institution, shares in a credit union, an insurance policy, or a bond or other debt instrument issued by a government agency.
- Alimony or child support payments.

To complete Section 1:

- Disclose the name and address of each source of income of \$5,000 or more.
- Provide a general description of the business activity if the source is a business entity.
- Disclose the job title or business position, if any, that you held with the source.

- Identify the consideration for which the income was received.
- For income from commission sales, list the name of each source of commission income of \$10,000 or more (see Appendix).
- For income from rental property, list the name of each source if your pro rata share of the gross income from that tenant was \$10,000 or more during the reporting period.

SECTION 2: Loans

Loans from a private lender to you or your spouse or registered domestic partner that total \$500 or more may be reportable. You are not required to report loans from commercial lending institutions or any indebtedness created as part of retail installment or credit card transactions that are made in the lender's regular course of business, without regard to official status, on terms available to members of the public. Personal loans and loans received not in a lender's regular course of business must be disclosed.

To complete Section 2:

- Disclose the name and address of each lender.
- Provide a general description of the business activity if the lender is a business entity.
- Check the box indicating the highest balance of the loan during the reporting period.
- Disclose the interest rate and the term of the loan.
 - The term of the loan is the total number of months or years given for repayment of the loan at the time the loan was made.
 - For variable interest rate loans, disclose the conditions of the loan (for example, Prime + 2) or the average interest rate paid during the reporting period.
- Identify the security for the loan, if any.

PART B: INVESTMENTS, INCOME, AND ASSETS OF BUSINESS ENTITIES AND TRUSTS; INTERESTS IN REAL PROPERTY
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SECTION 3: Investments, Income, and Assets of Business Entities/Trusts

"Investment" means a financial interest in a business entity that is located in, doing business

in, or planning to do business in or has done business during the previous two years in the City of Los Angeles and in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or

beneficial interest totaling \$2,000 or more at any time during the reporting period.

A business entity is located in or doing business in the City of Los Angeles if the entity has business contacts on a regular or substantial basis with a person who maintains a physical presence in the City of Los Angeles. A trust located outside the City is reportable if it holds assets that are located in or doing business in the City.

You are not required to report a trust that contains no reportable interests. For example, if you have a trust containing only your personal residence, your savings account, and some municipal bonds, you would not report that trust, because those interests are not reportable.

Commonly reportable investments include:

- Stocks, bonds, warrants, and options, including those held in margin or brokerage accounts and managed investment funds.
- Sole proprietorships.
- Your own business or your spouse's or registered domestic partner's business.
- Your spouse's or registered domestic partner's investments that are legally separate property.
- Partnerships (for example, a law firm or family farm).
- Investments in reportable business entities held in a retirement account (see Appendix).
- Business trusts.

You are not required to disclose:

- Diversified mutual funds registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940.
- Bank accounts, savings accounts, or money market accounts.
- Insurance policies.
- Annuities.
- Shares in a credit union.
- Government bonds (including municipal bonds).
- Retirement accounts invested in non-reportable interests, such as insurance policies, diversified mutual funds, or government bonds.

To complete Section 3:

Do not attach brokerage or financial statements.

- Disclose the name of the business entity.
- Provide a general description of the business activity of the entity (for example, pharmaceuticals, computers, automobile manufacturing, etc.).
- Check the box indicating the highest fair market value of your investment during the reporting period.
- Identify the nature of your investment (for example, stocks, warrants, options, sole proprietorship, or bonds).
- If you initially acquired or disposed of your entire investment interest during the reporting period, enter the date acquired or disposed.

SECTION 4: Interests in Real Property

You must report interests in real property that are located in the City of Los Angeles and in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more any time during the reporting period.

An interest in real property is located in the City of Los Angeles if any part of the property is located in or within two miles of the City of Los Angeles, another geographical area in which the City has jurisdiction, or any land owned or used by the City of Los Angeles.

Interests in real property include:

- An ownership interest, including a beneficial ownership interest.
- A deed of trust, easement, or option to acquire property.
- A leasehold interest (see Appendix).
- A mining lease.
- An interest in real property held in a retirement account (see Appendix).
- An interest in real property held by a business entity or trust in which you, your spouse or registered domestic partner, or your dependent children had a 10% or greater ownership interest.
- Your spouse's or registered domestic partner's interests in real property that are legally separate property.

You are not required to report:

- A residence, such as a home or vacation cabin, used exclusively as a personal residence. However, a residence for which you claim a business deduction may be reportable. If reportable, report the fair market value of the portion claimed as a tax deduction.

To complete Section 4:

- Report the address or other precise location (for example, an assessor's parcel number) of the real property.
- Check the box indicating the fair market value of your interest in the property (regardless of what you owe on the property).

- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property during the reporting period.
- Identify the nature of your interest. If it is a leasehold, disclose the number of years remaining on the lease.

Loans Received:

Loans from a private lender that total \$500 or more, were received by you or your spouse or registered domestic partner, and are secured by real property may be reportable. Reportable loans may also be disclosed in Section 2. See the instructions for Section 2 to report loans in Section 4.

PART C: GIFTS, TRAVEL PAYMENTS, AND REIMBURSEMENTS

SECTION 5: Gifts, Travel Payments, & Reimbursements

GIFTS

A gift is anything of value for which you have not provided equal or greater consideration to the donor. A gift is reportable if its fair market value is \$100 or more. In addition, multiple gifts totaling \$100 or more received during the reporting period from a single source must be reported. **Gifts are reportable regardless of where the donor is located.**

It is the acceptance of a gift, not the ultimate use to which it is put, that imposes your reporting obligation. Except as noted below, you must report a gift even if you never used it or if you gave it away to another person.

If the exact amount of a gift is unknown, you must make a good faith estimate of the item's fair market value. Listing the value of a gift as "over \$100" or "value unknown" is not adequate disclosure. In addition, if you received a gift through an intermediary, you must disclose the name, address, and business activity of both the donor and the intermediary.

Commonly reportable gifts include:

- Tickets/passes to sporting or entertainment events.
- Tickets/passes to amusement parks.

- Parking passes.
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, social event, meal, or like gathering, where you did not give a speech, participate in a panel or seminar, or provide a similar service.
- Rebates/discounts not made in the regular course of business to members of the public without regard to official status.
- Wedding gifts (see Appendix).
- Honoraria. You may report an honorarium as income in Section 1, rather than as a gift in Section 5, if you provided services of equal or greater value than the payment received.
- Forgiveness of a loan.

You are not required to disclose:

- Gifts that you did not use if, within 30 days after receipt, you returned them to the donor or delivered them to a charitable organization without claiming them as charitable contributions for tax purposes.
- Gifts from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, aunt, uncle, niece, nephew, or first cousin; gifts from your spouse or domestic partner's children, parents, brothers, and sisters; and gifts from the spouse or registered domestic partner of the individuals listed above. The exception does not apply if the donor was acting as an agent

or intermediary for a reportable source who was the true donor.

- Gifts of hospitality involving food, drink, or occasional lodging provided in an individual's home when the individual or a member of the individual's family is present.
- Gifts of similar value exchanged between you and an individual other than a lobbyist on holidays, birthdays, or similar occasions.
- Gifts of informational material provided to assist you in the performance of your official duties (for example, books, pamphlets, reports, calendars, periodicals, or educational seminars).
- A bequest or inheritance. However, inherited investments or real property may be reportable in other sections.
- Personalized plaques and trophies with an individual value of less than \$250.
- Campaign contributions.
- A single ticket to a 501(c)(3) or political fundraising event received for your own use from the organization or the committee holding the fundraiser (the gift limit applies to nonprofit tickets).
- Gifts given to members of your immediate family, unless you enjoy direct benefit of the gift, use the gift, or exercise discretion or control over the use or disposition of the gift.
- A pass or ticket that provides a one-time admission to an event (for example, a theater performance or a sporting event) that was not used and was not transferred to another person.
- Food, beverages, and necessary accommodations provided directly in connection with an event at which you gave a speech, participated in a panel or seminar, or provided a similar service.

TRAVEL

Travel payments reportable in Section 5 include advances and reimbursements for travel and related expenses, including lodging and meals.

Travel payments are gifts if you did not provide services that were equal to or greater in value than the payments received. You must disclose gifts totaling \$100 or more from a single source during the period covered by the statement.

Gifts of travel are reportable without regard

to where the donor is located. When reporting travel payments that are gifts, you must provide a description of the gift and the dates received.

Travel payments are income if you provided services that were equal to or greater in value than the payments received. You must disclose income totaling \$5,000 or more from a single source during the period covered by the statement. You have the burden of proving the payments are income rather than gifts. When reporting travel payments as income, you must describe the services you provided in exchange for the payment. You are not required to disclose the dates received for travel payments that are income.

You are not required to disclose:

- Travel payments received from a state, local, or federal government agency for which you provided services equal to or greater in value than the payments received.
- Travel payments received from your employer in the normal course of your employment that are included in the income reported on Section 1.
- Payments or reimbursements for transportation within California in connection with an event at which you gave a speech, participated in a panel or seminar, or performed a similar service.
- Food, beverages, and necessary accommodations received directly in connection with an event held inside or outside California at which you gave a speech, participated in a panel, or provided a similar service. Payments for transportation outside of California are reportable.
- Travel payments received from a non-profit entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration.

To complete Section 5:

- Disclose the full name (not an acronym), address, and, if a business entity, the business activity of the source of the gift or travel payment.
- Provide the date (month, day, and year) of receipt, the fair market value, and a description of the gift.

APPENDIX

Business Entity: An organization or enterprise operated for profit, including a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation, or association. This includes a business for which you take business deductions for tax purposes, such as a small business operated in your home.

Commission Income: Gross payments of \$5,000 or more that you received during the reporting period as a broker, agent, or salesperson, including insurance brokers or agents, real estate brokers or agents, travel agents or salespersons, stockbrokers, and retail or whole salespersons, among others.

You may be required to disclose the names of sources of commission income if your pro rata share of the gross income was \$10,000 or more from a single source during the reporting period. If your spouse or registered domestic partner received commission income, you would disclose your community property share (50%) of that income if it reaches the \$10,000 threshold (in other words, sources of \$20,000 or more in gross commission income received by your spouse or registered domestic partner).

The "source" of commission income generally includes all parties to a transaction, and each is attributed the full value of the commission. Report commission income received in Section 1.

Diversified Mutual Fund: Diversified portfolios of stocks, bonds, or money market instruments that are managed by investment companies whose business is pooling the money of many individuals and investing it to seek a common investment goal. Mutual funds are managed by trained professionals who buy and sell securities. A typical mutual fund will own 75 to 100 separate securities at any given time, so they also provide instant diversification. Only diversified mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 are exempt from disclosure.

Fair Market Value: When reporting the value of an investment, interest in real property, or gift, you must disclose the fair market value—the price at which the item would sell on the open market. This is particularly important when valuing gifts, because the fair market value of a

gift may be different from the amount it cost the donor to provide the gift. For example, the wholesale cost of a bouquet of flowers may be \$10, but the fair market value may be \$25 or more. In addition, there are special rules for valuing free tickets and passes.

Incentive Compensation: Income over and above salary that is ongoing or cumulative or both, as sales or purchases of goods or services accumulate. Incentive compensation is calculated by a predetermined formula that is set by the filer's employer and correlates to the conduct of the purchaser in direct response to the effort of the filer.

Incentive compensation does not include:

- Salary.
- Commission income.
- Bonuses for activity not related to sales or marketing, the amount of which is based solely on merit or hours worked over and above a predetermined minimum.
- Executive incentive plans based on company performance, provided that the formula for determining the amount of the executive's incentive income does not include a correlation between the amount and increased profits derived from increased business with specific and identifiable clients or customers.
- Payments for personal services that are not marketing or sales.

The purchaser is a source of income to the filer if all three of the following apply:

- The filer's employment responsibilities include directing sales or marketing activity toward the purchaser; and
- There is a direct personal contact between the filer and the purchaser intended by the filer to generate sales or business; and
- There is a direct relationship between the purchasing activity of the purchaser and the amount of the incentive compensation received by the filer.

Report incentive compensation as follows:

- In addition to salary, reimbursement of expenses and other income received from your employer, separately report in Section 1 the name of each person who purchased products or services sold, marketed or

represented by you if you received incentive compensation of \$5,000 or more attributable to the purchaser during the reporting period.

- If incentive compensation is paid by your employer in a lump sum, without allocation of amounts specific to customers, you must determine the amount of incentive compensation attributable to each of your customers. This may be based on the volume of sales to those customers.

Leasehold Interest: The term “interest in real property” includes leasehold interests. An interest in a lease on real property is reportable if the value of the leasehold interest is \$2,000 or more. The value of the interest is the total amount of rent that you owe during the reporting period. You are not required to disclose a leasehold interest with a value of less than \$2,000 or a month-to-month tenancy.

Retirement Accounts: Assets held in retirement accounts must be disclosed if the assets are reportable items, such as common stock (investments) or real estate (interests in real property). If your retirement account holds

reportable assets, disclose only the assets held in the account, not the account itself. You may have to contact your account manager to determine the assets contained in your account.

Wedding Gifts: Wedding gifts must be disclosed if they were received during the reporting period from a source with business before the City. Gifts valued at \$100 or more are reportable; however, a wedding gift is considered a gift to both spouses equally. Therefore, you would count one-half of the value of a wedding gift to determine if it is reportable. You are required to report only wedding gifts with a total value of \$200 or more, unless a particular gift can only be used by you or is intended only for your use.

For example, you receive a place setting of china valued at \$250 from a reportable source as a wedding gift. Because the value to you is \$100 or more, you must report the gift in Section 5 but may state its value as \$125.