

1 STACEY FULHORST, Executive Director  
City of San Diego Ethics Commission  
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5 Petitioner

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7 **BEFORE THE CITY OF SAN DIEGO**  
8 **ETHICS COMMISSION**

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10 In re the Matter of: ) Case No.: 2005-23  
11 REY ARELLANO, ) **STIPULATION, DECISION AND**  
12 Respondent. ) **ORDER**  
13 )  
\_\_\_\_\_ )

14 **STIPULATION**

15 **THE PARTIES STIPULATE AS FOLLOWS:**

16 1. Petitioner Stacey Fulhorst is the Executive Director of the City of San Diego Ethics  
17 Commission [Ethics Commission]. The Ethics Commission is charged with a duty to administer,  
18 implement, and enforce local governmental ethics laws contained in the San Diego Municipal  
19 Code [SDMC] relating to, among other things, the disclosure of economic interests as required  
20 by the City's Ethics Ordinance.

21 2. Respondent Rey Arellano [Respondent] is the Deputy City Manager and Chief  
22 Information Officer for the City of San Diego. He assumed this office on January 17, 2002.

23 3. This Stipulation, Decision and Order [Stipulation] will be submitted for consideration  
24 by the Ethics Commission at its next scheduled meeting, and the agreements contained herein are  
25 contingent upon the approval of the Stipulation and the accompanying Decision and Order by the  
26 Ethics Commission.

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1 to disclose gifts from a reportable source with an aggregate fair market value of \$50 or more in a  
2 calendar year, pursuant to SDMC section 27.3526.

3 9. SDMC section 27.3510 requires all Local Code Filers to file an annual SEI on or  
4 before April 1 of each year, covering the period from January 1 through December 31 of the  
5 previous calendar year, pursuant to the applicable Conflict of Interest Code adopted by the City  
6 Council.

7 10. The Conflict of Interest Code applicable to Respondent requires the disclosure of  
8 gifts received from any person or business entity that supplies goods or services to the City.

9 11. As the Chief Information Officer for the City, Respondent is responsible for  
10 overseeing the contract between the City of San Diego and San Diego Data Processing  
11 Corporation [SDDPC] whereby SDDPC provides information technology services to the City at  
12 a cost of approximately \$60 million per year.

13 12. According to records maintained by SDDPC, Respondent accepted gifts in the form  
14 of meals from SDDPC executives during calendar years 2002 and 2003. In particular, SDDPC  
15 executives purchased a total of eight meals for Respondent with an aggregate value of \$149.00  
16 during 2002, and a total of three meals for Respondent with an aggregate value of \$76.00 during  
17 2003.

18 13. Respondent filed an SEI for the 2002 calendar year on March 27, 2003. On this  
19 SEI, Respondent failed to disclose the \$149.00 in gifts received from SDDPC during calendar  
20 year 2002, despite the fact that this entity is a reportable source pursuant to Respondent's  
21 Conflict of Interest Code. Respondent filed an amendment to his 2002 SEI on February 11,  
22 2005. This amendment includes the eight gifts from SDDPC executives in 2002 totaling \$149.00  
23 that were not previously reported.

24 14. Respondent filed an SEI for the 2003 calendar year on March 25, 2004. On this  
25 SEI, Respondent failed to disclose the \$76.00 in gifts received from SDDPC during calendar  
26 year 2003, despite the fact that SDDPC is a reportable source pursuant to Respondent's Conflict  
27 of Interest Code. Respondent filed an amendment to his 2003 SEI on March 30, 2005. This  
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1 amendment includes the three gifts from SDDPC executives in 2003 totaling \$76.00 that were  
2 not previously reported.

3 **Counts**

4 **Counts 1 and 2 - Violations of SDMC sections 27.3510 and 27.3526**

5 15. Respondent failed to disclose gifts from a reportable source with a fair market value  
6 of \$50 or more in a calendar year, as required by SDMC sections 27.3510 and 27.3526. In  
7 particular, Respondent failed to disclose gifts he received from SDDPC during 2002 totaling  
8 \$149.00, and failed to disclose gifts he received from SDDPC during 2003 totaling \$76.00.

9 **Factors in Mitigation**

10 16. Respondent cooperated fully with the Ethics Commission investigation.

11 17. The Commission's investigation revealed that SDDPC's dining expense records  
12 were not entirely reliable. In some cases, records reflecting credit card charges by various  
13 SDDPC officials were found to inaccurately identify parties who attended certain meals. In  
14 other cases, SDDPC records fail to reflect cash payments reportedly made by City Officials who  
15 were present but who insisted on paying cash for their meals. Several years have passed since  
16 SDDPC reportedly purchased the meals that are the subject of this Stipulation, and Respondent  
17 cannot specifically recall if he paid cash for any of the meals he ultimately disclosed on his SEIs.

18 **Conclusion**

19 18. Respondent agrees to take necessary and prudent precautions to comply with all  
20 provisions of the Ethics Ordinance in the future. In particular, Respondent agrees to fully and  
21 completely disclose his economic interests.

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