1	STACEY FULHORST, Executive Director
2	City of San Diego Ethics Commission 1010 Second Avenue, Suite 1530
3	San Diego, CA 92101
4	Telephone: (619) 533-3476 Facsimile: (619) 533-3448
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) ORDER
12	Respondent.
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- STIPULATION, DECISION, AND ORDER
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4. This Stipulation resolves all factual and legal issues raised in this matter by the Ethics
 Commission without the necessity of holding an administrative hearing to determine the
 Respondent's liability.

4 5. Respondent understands and knowingly and voluntarily waives any and all 5 procedural rights under the SDMC, including, but not limited to, a determination of probable 6 cause, the issuance and receipt of an administrative complaint, the right to appear personally in 7 any administrative hearing held in this matter, the right to confront and cross-examine witnesses 8 testifying at a hearing, the right to subpoen a witnesses to testify at a hearing, and the right to 9 have the Ethics Commission or a hearing officer hear this matter. Respondent agrees to hold the City of San Diego harmless from any and all claims or damages resulting from the 10 11 Commission's investigation or this stipulated agreement, or any matter reasonably related 12 thereto. Respondent further agrees that the terms of this Stipulation constitute compliance with 13 the provisions of SDMC section 26.0450 in that the Stipulation includes a recitation of facts, a 14 reference to each violation, and an order.

15 6. The Respondent acknowledges that this Stipulation is not binding upon any other law
16 enforcement or government agency and does not preclude the Ethics Commission from referring
17 this matter to, cooperating with, or assisting any other law enforcement or government agency
18 with regard to this or any other related matter.

The parties agree that in the event the Ethics Commission refuses to accept this
 Stipulation, it shall become null and void. Respondent further agrees that in the event the Ethics
 Commission rejects the Stipulation and a full evidentiary hearing before the City Ethics
 Commission becomes necessary, no member of the Ethics Commission or its staff shall be
 disqualified because of prior consideration of this Stipulation.

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Summary of Law and Facts

8. As a Deputy City Manager, Respondent is a "Local Code Filer" as that term is
defined by SDMC section 27.3503, and is required to file Statements of Economic Interests
[SEIs] in the time and manner set forth in SDMC section 27.3510. Respondent is also required

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to disclose gifts from a reportable source with an aggregate fair market value of \$50 or more in a
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.
- 14. Respondent filed an SEI for the 2003 calendar year on March 25, 2004. On this
 SEI, Respondent failed to disclose the \$76.00 in gifts received from SDDPC during calendar
 year 2003, despite the fact that SDDPC is a reportable source pursuant to Respondent's Conflict
 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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	STIPULATION, DECISION, AND ORDER

1	19. Respondent shall pay a fine in the amount of \$500 for violations of SDMC sections
2	27.3510 and 27.3526. This amount must be paid no later than November 4, 2005. The
3	submitted payment will be held pending Commission approval of this Stipulation and execution
4	of the Decision and Order set forth below.
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6	DATED:
7	STACEY FULHORST, Executive Director ETHICS COMMISSION, Petitioner
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9	DATED: REY ARELLANO, Respondent
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13	DECISION AND ORDER
14	The Ethics Commission has considered the above Stipulation at its meeting on
15	The Ethics Commission hereby approves the Stipulation and orders that, in
16	accordance with the Stipulation, Respondent pay a fine in the amount of \$500.
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18	DATED: DOROTHY LEONARD, Chair
19	SAN DIEGO ETHICS COMMISSION
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	-5- STIPULATION, DECISION, AND ORDER