International Municipal Lawyers Association
2022 Virtual Employment Law Program

Revolving Door Laws

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Los Angeles City
ETHICS COMMISSION

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During City Service

Negotiating Future Employment

Los Angeles Municipal Code § 49.5.14

City officials (individuals required to file financial disclosure statements) **may not negotiate future employment or business opportunities** with a person who has a matter pending before them.

- Applies to direct and indirect negotiations.
- Having a matter pending means is a party to or is compensated to represent a party.
- For elected officials, commissioners, and department heads, it extends to persons with a matter pending before them or their agencies.
- Does not apply if the other person is a government entity.



During City Service

Negotiating Future Employment

Los Angeles Municipal Code § 49.5.14

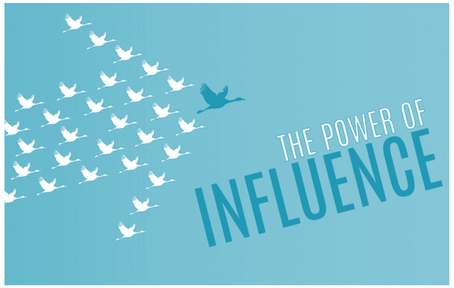
City officials **may not**

make,

participate in, or

use their city positions to influence

a city decision involving the interests of a person with whom they have an agreement for future employment or business opportunities.



After City Service

One-Year Cooling Off Period

Los Angeles Municipal Code § 49.5.13(C)

For one year after leaving service, a city official **may not receive compensation to attempt to influence** city action on behalf of another person.

- For most city officials, the ban applies to attempting to influence city agencies in which they served in the two years prior to leaving the city.
- For specified high-level officials (including the city attorney and senior personnel in that office), the ban applies to attempting to influence any city agency.
- Applies to attempts made personally and through an agent.
- Does not apply if the other person is a government entity.



After City Service

Permanent Ban

Los Angeles Municipal Code § 49.5.13(B)

Former city officials and employees **may not receive compensation to attempt to influence** city action on behalf of another person if the former official or employee personally participated in the matter during city service.

- Applies as long as the matter is still pending before a city agency or a city agency is a party to the matter.
- Applies to attempts made personally and through an agent.
- Extends to counseling or assisting someone else to attempt to influence.
- Does not apply if the other person is a government entity.



After City Service

Exclusion Order

Los Angeles Municipal Code § 49.5.13(F)

An interested party may petition a court or a presiding officer in a judicial, quasi-judicial, or other proceeding to **exclude a person who has violated** the one-year ban or the permanent ban from further participating in or helping another participant in a proceeding before that court or officer.



After City Service

Confidentiality

Los Angeles Municipal Code § 49.5.3

Former (and current) city officials and employees are **prohibited from misusing or disclosing** confidential information acquired as a result of city service.



Lobbying Regulations

Los Angeles Municipal Code §§ 48.01 et seq.

Former city officials who meet the qualification criteria must **register** as lobbyists and publicly **report** their lobbying activities.



Enforcement

The Ethics Commission is charged with **administratively enforcing** against violations of the revolving door laws. The maximum penalty for a violation is the greater of **$5,000** or **three times the amount of money** that was improperly reported, given, or received.

— *Los Angeles City Charter § 706(c)*
— *Los Angeles Municipal Code § 49.5.16(D)*

Knowing or willful revolving door violations may also be **criminally enforced** as misdemeanors. An individual who is convicted may not be a city lobbyist or contractor for four years.

— *Los Angeles Municipal Code § 49.5.16(A)*

Intentional or negligent violations may be **civilly enforced** by the Ethics Commission, the city attorney, or a city resident.

— *Los Angeles Municipal Code § 49.5.16(B)*



Case In Point

In the Matter of Michael LoGrande

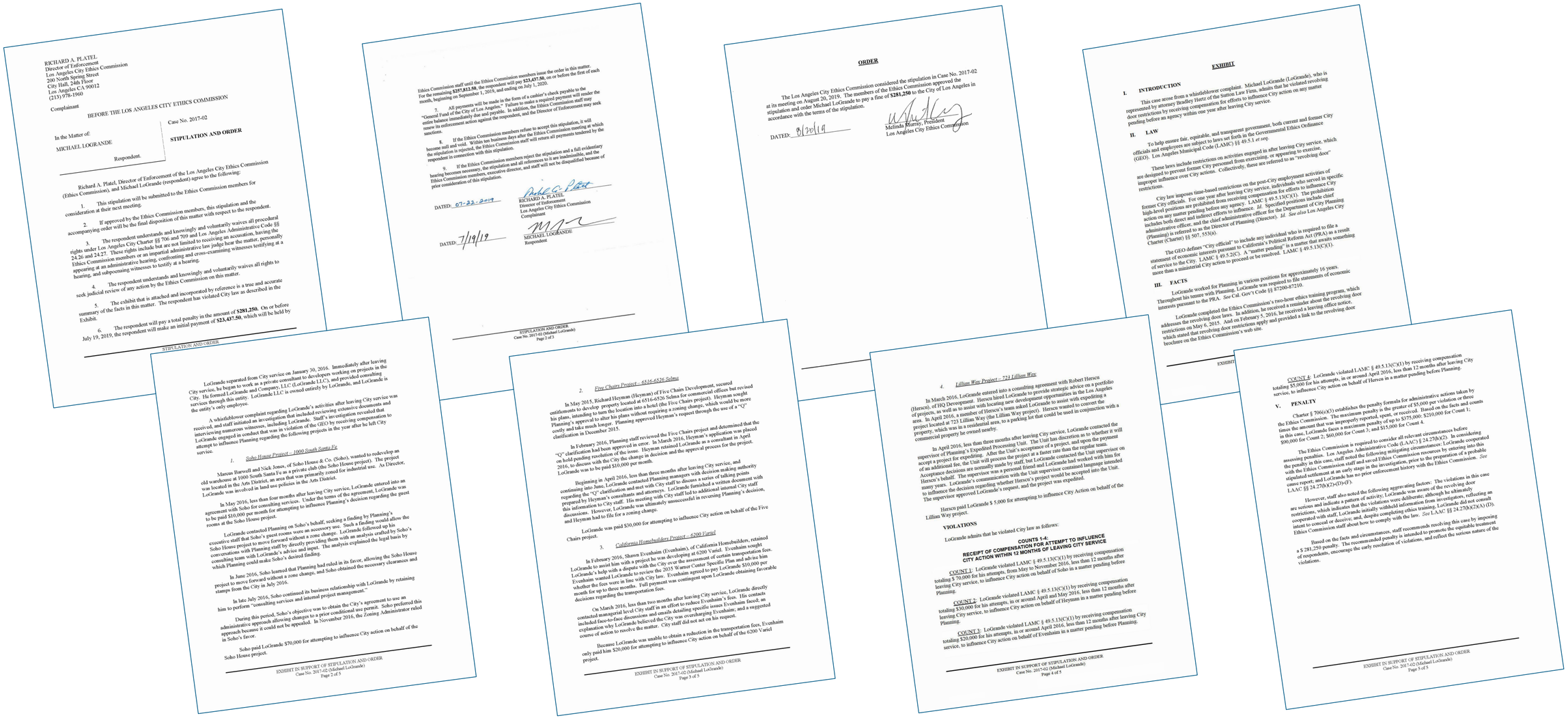
Ethics Commission Case No. 2017-02

Mr. LoGrande is a former head of the Planning Department. Immediately after leaving the city, he created a business to provide consulting services to developers in the city. In that capacity, he lobbied the Planning Department on behalf of several clients less than one year (two to four months) after leaving the city.

Based on the income he improperly received from clients, Mr. LoGrande was fined $281,250—the largest governmental ethics penalty in Ethics Commission history and the second largest penalty of any kind.

The stipulated order is online at tiny.cc/54wquz.

Case In Point



RICHARD A. PLATEL
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Los Angeles City Ethics Commission
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City Hall, 24th Floor
Los Angeles CA 90012
(213) 978-1960

Complainant

BEFORE THE LOS ANGELES CITY ETHICS COMMISSION

In the Matter of:

MICHAEL LOGRANDE

Respondent.

Case No. 2017-02

STIPULATION AND ORDER

Richard A. Platel, Director of Enforcement of the Los Angeles City Ethics Commission (Ethics Commission), and Michael LoGrande (respondent) agree to the following:

1. This stipulation will be submitted to the Ethics Commission members for consideration at their next meeting.

2. If approved by the Ethics Commission members, this stipulation and the accompanying order will be the final disposition of this matter with respect to the respondent.

3. The respondent understands and knowingly and voluntarily waives all procedural rights under Los Angeles City Charter §§ 706 and 709 and Los Angeles Administrative Code §§ 24.26 and 24.27. These rights include but are not limited to receiving an accusation, having the Ethics Commission members or an impartial administrative law judge hear the matter, personally appearing at an administrative hearing, confronting and cross-examining witnesses testifying at a hearing, and subpoenaing witnesses to testify at a hearing.

4. The respondent understands and knowingly and voluntarily waives all rights to seek judicial review of any action by the Ethics Commission on this matter.

5. The exhibit that is attached and incorporated by reference is a true and accurate summary of the facts in this matter. The respondent has violated City law as described in the Exhibit.

6. The respondent will pay a total penalty in the amount of **$281,250**. On or before July 19, 2019, the respondent will make an initial payment of **$23,437.50**, which will be held by

STIPULATION AND ORDER
Case No. 2017-02 (Michael LoGrande)
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Ethics Commission staff until the Ethics Commission members issue the order in this matter. For the remaining **$257,812.50**, the respondent will pay **$23,437.50**, on or before the first of each month, beginning on September 1, 2019, and ending on July 1, 2020.

7. All payments will be made in the form of a cashier's check payable to the "General Fund of the City of Los Angeles." Failure to make a required payment will render the entire balance immediately due and payable. In addition, the Ethics Commission staff may renew its enforcement action against the respondent, and the Director of Enforcement may seek sanctions.

8. If the Ethics Commission members refuse to accept this stipulation, it will become null and void. Within ten business days after the Ethics Commission meeting at which the stipulation is rejected, the Ethics Commission staff will return all payments tendered by the respondent in connection with this stipulation.

9. If the Ethics Commission members reject the stipulation and a full evidentiary hearing becomes necessary, the stipulation and all references to it are inadmissible, and the Ethics Commission members, executive director, and staff will not be disqualified because of prior consideration of this stipulation.

DATED: 07-22-2019

RICHARD A. PLATEL
Director of Enforcement
Los Angeles City Ethics Commission
Complainant

DATED: 7/19/19

MICHAEL LOGRANDE
Respondent

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ORDER

The Los Angeles City Ethics Commission considered the stipulation in Case No. 2017-02 at its meeting on August 20, 2019. The members of the Ethics Commission approved the stipulation and order Michael LoGrande to pay a fine of **$281,250** to the City of Los Angeles in accordance with the terms of the stipulation.

DATED: 8/20/19

Melinda Murray, President
Los Angeles City Ethics Commission

EXHIBIT

I. INTRODUCTION

This case arose from a whistleblower complaint. Michael LoGrande (LoGrande), who is represented by attorney Bradley Hertz of the Sutton Law Firm, admits that he violated revolving door restrictions by receiving compensation for efforts to influence City action on any matter pending before an agency within one year after leaving City service.

II. LAW

To help ensure fair, equitable, and transparent government, both current and former City officials and employees are subject to laws set forth in the Governmental Ethics Ordinance (GEO). Los Angeles Municipal Code (LAMC) §§ 49.5.1 *et seq.*

These laws include restrictions on activities engaged in after leaving City service, which are designed to prevent former City personnel from exercising, or appearing to exercise, improper influence over City actions. Collectively, these are referred to as "revolving door" restrictions.

City law imposes time-based restrictions on the post-City employment activities of former City officials. For one year after leaving City service, individuals who served in specific high-level positions are prohibited from receiving compensation for efforts to influence City action on any matter pending before any agency. LAMC § 49.5.13(C)(1). The prohibition includes both direct and indirect efforts to influence. *Id.* Specified positions include chief administrative officer, and the chief administrative officer for the Department of City Planning (Planning) is referred to as the Director of Planning (Director). *Id. See also* Los Angeles City Charter (Charter) §§ 507, 553(a).

The GEO defines "City official" to include any individual who is required to file a statement of economic interests pursuant to California's Political Reform Act (PRA) as a result of service to the City. LAMC § 49.5.2(C). A "matter pending" is a matter that awaits something more than a ministerial City action to proceed or be resolved. LAMC § 49.5.13(C)(1).

III. FACTS

LoGrande worked for Planning in various positions for approximately 16 years. Throughout his tenure with Planning, LoGrande was required to file statements of economic interests pursuant to the PRA. *See* Cal. Gov't Code §§ 87200-87210.

LoGrande completed the Ethics Commission's two-hour ethics training program, which addresses the revolving door laws. In addition, he received a reminder about the revolving door restrictions on May 6, 2015. And on February 5, 2016, he received a leaving office notice, which stated that revolving door restrictions apply and provided a link to the revolving door brochure on the Ethics Commission's web site.

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LoGrande separated from City service on January 30, 2016. Immediately after leaving City service, he began to work as a private consultant to developers working on projects in the City. He formed LoGrande and Company, LLC (LoGrande LLC), and provided consulting services through this entity. LoGrande LLC is owned entirely by LoGrande, and LoGrande is the entity's only employee.

A whistleblower complaint regarding LoGrande's activities after leaving City service was received, and staff initiated an investigation that included reviewing extensive documents and interviewing numerous witnesses, including LoGrande. Staff's investigation revealed that LoGrande engaged in conduct that was in violation of the GEO by receiving compensation to attempt to influence Planning regarding the following projects in the year after he left City service.

1. *Soho House Project – 1000 South Santa Fe*

Marcus Bartwell and Nick Jones, of Soho House & Co. (Soho), wanted to redevelop an old warehouse at 1000 South Santa Fe as a private club (the Soho House project). The project was located in the Arts District, an area that was primarily zoned for industrial use. As Director, LoGrande was involved in land use policies in the Arts District.

In May 2016, less than four months after leaving City service, LoGrande entered into an agreement with Soho for consulting services. Under the terms of the agreement, LoGrande was to be paid $10,000 per month for attempting to influence Planning's decision regarding the guest rooms at the Soho House project.

LoGrande contacted Planning on Soho's behalf, seeking a finding by Planning's executive staff that Soho's guest rooms were an accessory use. Such a finding would allow the Soho House project to move forward without a zone change. LoGrande followed up his conversations with Planning staff by directly providing them with an analysis crafted by Soho's consulting team with LoGrande's advice and input. The analysis explained the legal basis by which Planning could make Soho's desired finding.

In June 2016, Soho learned that Planning had ruled in its favor, allowing the Soho House project to move forward without a zone change, and Soho obtained the necessary clearances and stamps from the City in July 2016.

In late July 2016, Soho continued its business relationship with LoGrande by retaining him to perform "consulting services and internal project management."

During this period, Soho's objective was to obtain the City's agreement to use an administrative approach allowing changes to a prior conditional use permit. Soho preferred this approach because it could not be appealed. In November 2016, the Zoning Administrator ruled in Soho's favor.

Soho paid LoGrande $70,000 for attempting to influence City action on behalf of the Soho House project.

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2. *Five Chairs Project – 6516-6526 Selma*

In May 2015, Richard Heyman (Heyman) of Five Chairs Development, secured entitlements to develop property located at 6516-6526 Selma for commercial offices but revised his plans, intending to turn the location into a hotel (the Five Chairs project). Heyman sought Planning's approval to alter his plans without requiring a zoning change, which would be more costly and take much longer. Planning approved Heyman's request through the use of a "Q" clarification in December 2015.

In February 2016, Planning staff reviewed the Five Chairs project and determined that the "Q" clarification had been approved in error. In March 2016, Heyman's application was placed on hold pending resolution of the issue. Heyman retained LoGrande as a consultant in April 2016, to discuss with the City the change in decision and the approval process for the project. LoGrande was to be paid $10,000 per month.

Beginning in April 2016, less than three months after leaving City service, and continuing into June, LoGrande contacted Planning managers with decision making authority regarding the "Q" clarification and met with City staff to discuss a series of talking points prepared by Heyman's consultants and attorneys. LoGrande furnished a written document with this information to City staff. His meeting with City staff led to additional internal City staff discussions. However, LoGrande was ultimately unsuccessful in reversing Planning's decision, and Heyman had to file for a zoning change.

LoGrande was paid $30,000 for attempting to influence City action on behalf of the Five Chairs project.

3. *California Homebuilders Project – 6200 Variel*

In February 2016, Shawn Evenhaim (Evenhaim), of California Homebuilders, retained LoGrande to assist him with a project he was developing at 6200 Variel. Evenhaim sought LoGrande's help with a dispute with the City over the assessment of certain transportation fees. Evenhaim wanted LoGrande to review the 2015 Warner Center Specific Plan and advise him whether the fees were in line with City law. Evenhaim agreed to pay LoGrande $10,000 per month for up to three months. Full payment was contingent upon LoGrande obtaining favorable decisions regarding the transportation fees.

On March 2016, less than two months after leaving City service, LoGrande directly contacted managerial level City staff in an effort to reduce Evenhaim's fees. His contacts included face-to-face discussions and emails detailing specific issues Evenhaim faced; an explanation why LoGrande believed the City was overcharging Evenhaim; and a suggested course of action to resolve the matter. City staff did not act on his request.

Because LoGrande was unable to obtain a reduction in the transportation fees, Evenhaim only paid him $20,000 for attempting to influence City action on behalf of the 6200 Variel project.

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4. *Lillian Way Project – 723 Lillian Way*

In March 2016, LoGrande entered into a consulting agreement with Robert Hersch (Hersch), of HQ Development. Hersch hired LoGrande to provide strategic advice on a portfolio of projects, as well as to assist with locating new development opportunities in the Los Angeles area. In April 2016, a member of Hersch's team asked LoGrande to assist with expediting a project located at 723 Lillian Way (the Lillian Way project). Hersch wanted to convert the property, which was in a residential area, to a parking lot that could be used in conjunction with a commercial property he owned nearby.

In April 2016, less than three months after leaving City service, LoGrande contacted the supervisor of Planning's Expedited Processing Unit. The Unit has discretion as to whether it will accept a project for expediting. After the Unit's acceptance of a project, and upon the payment of an additional fee, the Unit will process the project at a faster rate than the regular team. Acceptance decisions are normally made by staff, but LoGrande contacted the Unit supervisor on Hersch's behalf. The supervisor was a personal friend and LoGrande had worked with him for many years. LoGrande's communication with the Unit supervisor contained language intended to influence the decision regarding whether Hersch's project would be accepted into the Unit. The supervisor approved LoGrande's request, and the project was expedited.

Hersch paid LoGrande $ 5,000 for attempting to influence City Action on behalf of the Lillian Way project.

VIOLATIONS

LoGrande admits that he violated City law as follows:

COUNTS 1-4:
RECEIPT OF COMPENSATION FOR ATTEMPT TO INFLUENCE CITY ACTION WITHIN 12 MONTHS OF LEAVING CITY SERVICE

COUNT 1: LoGrande violated LAMC § 49.5.13(C)(1) by receiving compensation totaling $ 70,000 for his attempts, from May to November 2016, less than 12 months after leaving City service, to influence City action on behalf of Soho in a matter pending before Planning.

COUNT 2: LoGrande violated LAMC § 49.5.13(C)(1) by receiving compensation totaling $30,000 for his attempts, in or around April and May 2016, less than 12 months after leaving City service, to influence City action on behalf of Heyman in a matter pending before Planning.

COUNT 3: LoGrande violated LAMC § 49.5.13(C)(1) by receiving compensation totaling $20,000 for his attempts, in or around April 2016, less than 12 months after leaving City service, to influence City action on behalf of Evenhaim in a matter pending before Planning.

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COUNT 4: LoGrande violated LAMC § 49.5.13(C)(1) by receiving compensation totaling $5,000 for his attempts, in or around April 2016, less than 12 months after leaving City service, to influence City action on behalf of Hersca in a matter pending before Planning.

V. PENALTY

Charter § 706(c)(3) establishes the penalty formula for administrative actions taken by the Ethics Commission. The maximum penalty is the greater of $5,000 per violation or three times the amount that was improperly reported, spent, or received. Based on the facts and counts in this case, LoGrande faces a maximum penalty of up to $375,000: $210,000 for Count 1; $90,000 for Count 2; $60,000 for Count 3; and $15,000 for Count 4.

The Ethics Commission is required to consider all relevant circumstances before assessing penalties. Los Angeles Administrative Code (LAAC) § 24.27(b)(2). In considering the penalty in this case, staff noted the following mitigating circumstances: LoGrande cooperated with the Ethics Commission staff and saved Ethics Commission resources by entering into this stipulated settlement at an early stage in the investigation, prior to the preparation of a probable cause report; and LoGrande has no prior enforcement history with the Ethics Commission. *See* LAAC §§ 24.27(b)(2)-(D)-(F).

However, staff also noted the following aggravating factors: The violations in this case are serious and indicate a pattern of activity; LoGrande was aware of the revolving door restrictions, which indicates that the violations were deliberate, although he ultimately cooperated with staff, LoGrande initially withheld information from investigators, reflecting an intent to conceal or deceive; and, despite completing ethics training, LoGrande did not consult Ethics Commission staff about how to comply with the law. *See* LAAC §§ 24.27(b)(2)(A) (D).

Based on the facts and circumstances, staff recommends resolving this case by imposing a $ 281,250 penalty. The recommended penalty is intended to promote the equitable treatment of respondents, encourage the early resolution of violations, and reflect the serious nature of the violations.

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Los Angeles City

ETHICS COMMISSION

Facts Matter. Ask Questions!

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