



Los Angeles City Ethics Commission

August 27, 2013

The Honorable City Council
c/o Holly Wolcott, Interim City Clerk
200 North Spring Street
City Hall – 3rd Floor
Los Angeles CA 90012

**Re: Council File Number 13-1027
Appointment of Beatrice C. Hsu to the
Board of Airport Commissioners**

FOR COUNCIL CONSIDERATION

Dear Councilmembers:

On August 13, 2013, the Mayor transmitted to the City Clerk a letter indicating his appointment of Ms. Beatrice C. Hsu to the Board of Airport Commissioners. The Ethics Commission received Ms. Hsu's pre-confirmation statement of economic interests (SEI) on August 26, 2013, and this letter is provided for your consideration as part of the confirmation process. A copy of this letter is also being provided to Ms. Hsu to help her avoid potential conflicts of interests that may arise in the course of her tenure as a member of the Board of Airport Commissioners.

Ms. Hsu reports on her SEI sole ownership of a real estate development consultant business, which has received income of \$10,000 or more from The Related Companies. She also discloses an investment interest in the Glazier-Hsu Family Trust, which holds both an interest in real property located in the City and an investment interest in Berkshire Hathaway. In addition, Ms. Hsu reports investment interests in Johnson & Johnson, General Electric, and Bank of America. If a matter involving any of these interests comes before the Board of Airport Commissioners, Ms. Hsu should, before acting, seek the advice of the City Attorney regarding whether she should disqualify herself. We are unable to assess if or how frequently Ms. Hsu would be in a position of having to recuse herself.

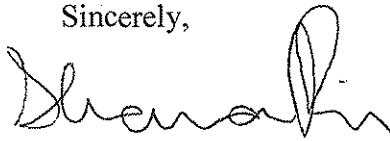
Interests disclosed on an SEI are not the only interests that can give rise to a conflict of interests. For example, state law may require recusal by a board or commission member due to certain business activities of the clients of that member's employer. Additionally, recusal may be required under City Charter § 222, which states that the City Attorney may provide a written opinion concerning the obligation of a City official to refrain from acting on a matter when it may violate state law or when action may not be in the public interest.

If a matter raises a potential conflict of interests, we encourage Ms. Hsu to seek the advice of the City Attorney before acting. If Ms. Hsu is required to disqualify herself from acting on a matter, Los Angeles Municipal Code § 49.5.6(J) and Executive Directive 2005-1 require her to file a Recusal Notification Form (CEC Form 51) with the Ethics Commission and the Mayor's office. If a board or commission member is disqualified from acting on three or more agenda items in a year because of a conflict caused by the same interest, the Ethics Commission is required by City Charter § 707 to review the conflict. If the Ethics Commission determines that the member has a significant and continuing conflict of interests, it must order divestment of the interest that is causing the conflict.

In addition to reviewing a nominee's SEI, the Ethics Commission also verifies that the nominee is a registered City voter. We have received a completed Residence Verification Form for Ms. Hsu, which affirms that she is registered to vote in the City.

If you have questions, please feel free to contact me at (213) 978-1960.

Sincerely,

A handwritten signature in black ink, appearing to read "Shannon Prior", with a stylized flourish at the end.

Shannon Prior
Ethics Program Manager

cc: Mayor Eric Garcetti
Ms. Beatrice C. Hsu