



ETHICS OFFICE MONTHLY REPORT

TO BOARD OF DIRECTORS

Metropolitan Water District of Southern California

June 2016

SUPREME COURT OVERTURNS CORRUPTION GUILTY VERDICT

In late June, the United States Supreme Court issued its ruling in McDonnell v. United States, a case involving allegations that former Virginia Governor Robert McDonnell performed “official acts” in exchange for gifts totaling more than \$175,000 from businessman Jonnie Williams including a \$20,000 shopping spree for his wife, \$50,000 loan, Rolex watch, and \$15,000 to help pay for his daughter’s wedding. Williams wanted the Governor’s help getting state universities to conduct research studies on a nutritional supplement his company was developing. The Governor ultimately arranged meetings, hosted events, and contacted government officials on Williams’ behalf.



Federal Prosecutors charged the Governor with “honest services fraud” and extortion charges – essentially bribery - for performing official actions for Williams in exchange for the lavish gifts. His wife, Maureen McDonnell, was charged with related crimes. At trial, the Governor admitted accepting the gifts but denied that arranging meetings, hosting events, and contacting other officials on William’s behalf amounted to performing “official acts.”

The Court ultimately agreed with the Governor and held that, without more, arranging meetings, hosting events, and contacting other officials are not “official acts” under the law. By way of comparison, the Court stated that agreeing to initiate a research study would qualify as an official act in this case. The Court reasoned that conscientious public officials regularly arrange meetings for, and otherwise assist, constituents in response to their concerns and should not be unreasonably apprehensive about doing so. Despite its holding, the Court characterized the case as “distasteful.” The Court of Appeals will re-hear the case consistent with the Court’s interpretation of “official act.”



At the time of Governor McDonnell’s indictment, Virginia had comparatively lax regulations on gifts, loans, and financial disclosure for public officials. In 2014, the current Virginia Governor established the Commission on Integrity and Public Confidence in State Government to strengthen state laws in these areas. The Governor also issued an Executive order prohibiting Executive Branch employees and their family members from accepting gifts over \$100.

Below, is a link to the Supreme Court’s opinion.

http://www.supremecourt.gov/opinions/15pdf/15-474_ljgm.pdf

ETHICS COMPLIANCE AND INITIATIVE

Metropolitan Water District of Southern California (MWD) is now a proud member of the Ethics & Compliance Initiative (ECI) along with over 450 organizations in the public sector and across nearly every private industry.

ECI is known as the premier organization for all ethics and compliance practitioners, helping its members across the globe to operate their businesses at the highest levels of integrity. As the recognized global thought-leader in the field, it provides ECI members with research and access to a community of ethics and compliance professionals, as well as educational opportunities.

In June, Ethics Officer Deena Ghaly attended its annual conference in Waltham, Massachusetts. Over the course of an intensive five day workshop, practitioners and researchers shared best practices and reviewed case studies.

NEW CONFIDENTIAL ETHICS OFFICE HELPLINE

The Ethics Office launched a new helpline on June 30th, replacing The Network, after ten years as our service provider. As with its predecessor, this confidential new helpline is to report potential ethics violations anonymously. The service is administered by Convercent, Inc., in Denver, Colorado. Trained professionals are available 24/7 to take phone calls. Callers may also submit concerns through Convercent's anonymous online web portal. Convercent forwards the concern or complaint directly to the Ethics Office for review and potential investigation.

Convercent Phone: (800) 461-9330 **or Web access:** <http://www.mwdethicshelpline.net>



PROJECTS & INITIATIVES

The Ethics Officer and staff remain engaged in several projects and initiatives for review, analysis, and evaluation of various aspects of Metropolitan's activities:

- ⇒ Update of online manuals, training videos, posters, and other outreach materials.
- ⇒ Amendments to Metropolitan's conflict of interest code (i.e., designated positions and disclosure categories).
- ⇒ Continuation of investigation matters and advice.
- ⇒ Monthly director conflict bulletins.

ADVICE AND ASSISTANCE

The Ethics Office provides advice, counseling, or other assistance to any director, officer, employee, or contractor regarding application or interpretation of Metropolitan's ethics rules or policies. Absent any unusual circumstances, the Office gives its advice in writing.

The Ethics Office can provide advice only prospectively, i.e., about future activities. If it becomes apparent that a request for advice or other assistance concerns events that have already occurred, it might be necessary to review the matter as a potential violation.

In June 2016, the Office provided analysis and advice in the following areas:

- ⇒ Participation rules for designated employees as board members to an outside organization.
- ⇒ Reporting gifts received by family members and these gift limits.
- ⇒ Outside employment grant money received, issues and conflict of interest.
- ⇒ Conflict implications of travel funded by non-profit public interest associations.
- ⇒ Nepotism and conflict of interest.

Matters Addressed FY 2015-16	FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY
	14/15	2015	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016	2016	15/16
Ethics Complaints														
Abuse of Authority	14	1	2	4			2	1	1		2			13
Campaign Contributions								1	1	1				3
Conflict of Interest	1												2	2
Discrimination					1									1
Economic Disclosure														0
Gifts														0
Misleading Associations													1	1
Nepotism													1	1
Outside Employment														0
Outside Scope of Ethics Office	21						1						1	2
Revolving Door														0
Whistleblower Protection	3													0
Total Complaints	39	1	2	4	1	0	3	2	2	1	2	0	5	23
Ethics Advice														
Abuse of Authority	3	2				2								4
Political Activities	2						1	1		4	1		2	9
Conflicts of Interest	19	1	2	3	4	3		11	5	3	9	10		51
Economic Disclosure	16			2					3	19	9			33
Gifts	25		1	2			3		4	2	4	2	1	19
Misleading Associations														0
Nepotism											1		1	2
Outside Employment	4		1		1					1	1			4
Outside Scope of Ethics Office	3								2			1		3
Public Inquiries				1										1
Revolving Door	8	3												3
Whistleblower Protection														0
Total Questions	80	6	4	8	5	5	4	12	14	29	25	13	4	129
Combined Total	119	7	6	12	6	5	7	14	16	30	27	13	9	152