

# **Santa Margarita Area Residents Together**

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## NEWS RELEASE

\*\*\*For Immediate Release\*\*\*

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Related information: <http://margaritaresidentstogether.org>

## **S.M.A.R.T. FILES COMPLAINT WITH FPPC KATCHO'S FINANCIAL CONFLICTS DISQUALIFY HIM FROM VOTE**

Santa Margarita Area Residents Together (SMART) has filed a complaint against 4th District Supervisor Katcho Achadjian with the Fair Political Practices Commission in Sacramento, seeking to disqualify him from voting on the Santa Margarita Ranch development proposal. The complaint is based on Achadjian's extensive financial ties with all three of the developers who own the ranch and seek to subdivide it. An attorney for SMART notified Achadjian in a letter dated November 3, 2008, that he should disclose the full extent of his associations in order to determine whether he should recuse himself from the vote, but he participated in a hearing on the matter November 4.

"The state has laws that protect the integrity of the public process by preventing elected officials from making decisions on projects in which they are economically invested," said SMART board member John Beccia. "Katcho's vote is literally worth tens of millions of dollars if the project is approved, and the public has the right to demand an unbiased process."

The FPPC complaint is based on publicly available information that Katcho has financial ties to developers Rob Rossi, Doug Filipponi and Karl Wittstrom, who own the ranch. Filipponi is the President of the Board of the Santa Lucia National Bank, where Achadjian receives \$2,000 per month as a Board member and owns as much as \$1 million in stock. In addition, Katcho holds as much as \$1 million in stock in Mission Community Bank, whose Board members include Rossi and Wittstrom. SMART has

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recently discovered that both banks have outstanding loans on several properties as well as extensive credit involvement with the individuals involved. SMART contends that these relationships constitute a direct financial conflict of interest.

In her November 3 letter to Achadjian, attorney Diane Fishburn, who specializes in conflict of interest law, discussed various scenarios that would constitute a conflict of interest, and urged the Supervisor to disclose all of his financial interests to the FPPC. The new information about the banks' loans on the property clearly constitutes a conflict, according to Beccia.

"In this volatile business climate, it's entirely conceivable that the ranch owners' financial futures are riding on the outcome of this project," said Beccia. "That has a direct bearing on their ability to repay or refinance their loans, and therefore the banks have a direct interest in the outcome. As a salaried Board member with as much as \$2 million in bank stocks, Katcho should not be voting on this project. His fiduciary duties to the bank's shareholders and his own economic interests create an obvious conflict."

The owners of the Santa Margarita Ranch are seeking to subdivide the historic ranch to create 111 new residential parcels, and the potential to build approximately 400 more homes, a golf course, dude ranch, retreat center, restaurants, B&B, and several wineries, tasting rooms and churches. The Planning Commission denied the project based on its unavoidable environmental impacts, but the ranch owners have appealed the decision to the Board of Supervisors.

If the Board of Supervisors were to approve this project and it is later determined by the FPPC that one of the members was in violation of ethics rules, the Board of Supervisors could re-open the hearing and re-evaluate the approval. This is per Teri Rindahl, an investigator with the FPPC. It is SMART's opinion that If Supervisor Achadjian participates in the vote, he will be doing a disservice to the County of San Luis Obispo Government and the citizens.

The next hearing will begin at 9 a.m. on December 16 in the Board of Supervisors' chambers.

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