

Sasha Linker

From: Steve Petzold <[REDACTED]>
Sent: Friday, January 15, 2021 5:41 AM
To: CommAsst
Subject: Fwd: My Comments Regarding FPPC Case 19-475 at Executive Meeting of COC Foundation

EXTERNAL EMAIL

Please provide to Commissioners as Public Comment not on the agenda at their 1-21-3021 meeting,

Context

My comments were made to at an Executive Meeting of the College of the Canyons Foundation . They had a closed session meeting re FPPC 19-475 with their attorneys.

At the conclusion of my comment, the Co President Steve Corn, obviously agitated said that my comments were filled with “misinformation “.

Of course he did not provide any details , much less evidence as to how it was mistaken or in error.

I simply want to know the true source of the \$150,000 contribution to the Yes on E Committee.

What I heard at your August meeting was that Enforcement knows, but we will never share that info with the complainant or the public for ethical considerations.

Really..one entity is a public agency and the other is an auxiliary “non profit”. In my opinion the ED is an accomplice in a cover up of wrong doing.

The Foundation Executives are seemingly under the illusion that there were “unintentional administrative errors “ for not filing forms on time.

Petzold is “making a mountain out of a mole hill”.

Steve Petzold does not believe that for a moment.

Steve Petzold

Complainant FPPC case 19-475



Sent from my iPhone

Begin forwarded message:

From: Stephen Petzold <[REDACTED]>
Date: January 14, 2021 at 4:17:07 PM PST
To: Cathy Ritz <cathy.ritz@canyons.edu>, michelle.rey@canyons.org
Subject: My Comments Regarding FPPC Case 19-475 at Executive Meeting

Please forward this email to Foundation Co Presidents Steve Corn and Jill Mellady

Dear Co-Presidents Corn and Mellady,

Last night I took the time and effort to prepare comments and present evidence which I felt was beneficial to the College of the Canyons Foundation in regards to the pending FPPC case 19-475.

The surprising response from Steve Corn seemed to be made in anger. Steve stated before the Executive Committee on the ZOOM meeting that my presentation was filled with "misinformation."

Co-President Mellady made a similar statement at the end of a Foundation meeting in 2020 .

On August 14, 2020 JillMellady addressed a letter to the Trustees that was in itself misleading. Specifically the remark Foundation staff made an "unintentional administrative error four years ago".

If either of you believe that watch the August 2020 FPPC Commissioner meeting where they refused to accept the agreed upon stipulation. It is very rare that the Commissioners refuse to approve stipulations negotiated by the Enforcement Division. The Commissioners clearly believe that there is a larger story given the close association between the Santa Clarita Community College, the Foundation, and the Yes on Measure E Committee.

Jill Mellady seems troubled that I may have communication with Trustees Alonso and MacGregor. Frankly Jill, it is none of your business and I resent your effort to intimidate them into not speaking with me. If you have a problem with me, pick up the phone and give me a call.

It is not my goal to provide or disseminate false or misleading information. If you feel that any of the facts or information that I provided are in error please let me know.

Do not continue to bear an unsubstantiated false witness against me. That is not the right way to deal with the issue.

Non profit organizations have a legal obligation to be truthful and transparent because of their special status with the IRS. The COC Foundation receives substantial financial assistance from a public agency and is an auxiliary organization of the college. The Foundation's leadership should be much more forthcoming and transparent

Even at this late date , I do not know , and the Trustees do not know, the true source of \$150,000 contribution to the Yes on Measure E Committee. That is shameful for a public agency and a non-profit organization.

I am asking you to immediately stop representing that I am putting out false or misleading information to the Trustees, your Foundation membership, and the public.

If you have information that contradicts the evidence considered by me and the FPPC Enforcement Division let us have it.

I am always willing to discuss my activity and findings at any time.

Sincerely,

Steve Petzold



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Steve Petzold



Sasha Linker

From: Stephen Petzold [REDACTED] >
Sent: Saturday, January 16, 2021 5:39 AM
To: CommAsst
Subject: Fwd: FPPC Case 19-475 College of the Canyons Foundation / Santa Clarita Community College District

Follow Up Flag: Flag for follow up
Flag Status: Flagged

EXTERNAL EMAIL

Please include this letter in the agenda packet for the January meeting of the CA FPPC Commission.

I appreciate you efforts.

Steve Petzold

Complainant FPPC Case 19-475

----- Forwarded message -----

From: Stephen Petzold <[REDACTED]>
Date: Thu, Jan 7, 2021 at 9:45 AM
Subject: FPPC Case 19-475 College of the Canyons Foundation / Santa Clarita Community College District
To: BHatch@FPPC.CA.Gov <BHatch@fppc.ca.gov>, EWilson@FPPC.CA.Gov <EWilson@fppc.ca.gov>, FCardenes@FPPC.CA.Gov <FCardenes@fppc.ca.gov>, RMiadich@FPPC.CA.gov <RMiadich@fppc.ca.gov>

Dear FPPC Commissioners,

I am sending you this correspondence out of a profound sense of disappointment with the investigative effort and judgment of the FPPC Enforcement Division. My trust in the FPPC to make sure that the rules and regulations of the FPPC has been eroded.

It is my contention that the Santa Clarita Community College District, the COC Foundation, and the Yes on E Committee used illegal tactics, ignored FPPC rules and regulations, and conspired to use unfair tactics to support the bond measure. Measure E provided borrowing authority for \$230,000,000, \$100,000,000 has been borrowed and property owners pay the bill on their taxes.

The true victim of their malfeasance is the taxpayer who was taken advantage of and lied to.

After the August meeting of the FPPC, I made a decision to launch my own investigation of the Foundation using my rights as a citizen under the CA Public Records Act.

At the August meeting, where the Stipulation was placed on the Consent Calendar, Galena West spoke with authority to you the the investigation had been thorough, that the Foundation was found to be a major donor, and had used non donor funds.

My own investigation based upon documents released under the CPRA indicates that the Foundation itself DID NOT make a contribution to the Measure E committee. Three (checks) warrants of \$50,000 were issued by the Santa Clarita Community College District directly to the Yes on Measure E Committee. The endorsement side of the checks does not contain the signature nor a deposit to stamp from the Committee Treasurer. The checks were deposited into the Committee's account at the Bank of Santa Clarita.

The Santa Clarita Community College District IS a public agency in California. As such it is prohibited by law from using public resources to support a bond measure. To my mind , this constitutes a misappropriation of public funds and constitutes a criminal act under the law.

The fact that the Santa Clarita Community College District was involved in making the contributions should have been well known to the enforcement agency. The Stipulation entered into with the Yes Committee in June, 2020 identified the the March 22, 2016 contribution as being sourced from the " Santa Clarita Community College District". Page 6 of 13.

The findings summary on page 4 of the Stipulation indicates that the COC Foundation was the sole major donor of \$50,000 or which requires the "Major Funding By" language required by FPPC regulation.

The Stipuation in 17-287 is inconsistent in it's findings. The SCCCDD (District) is a public agency separate and distinct from the COC Foundation. It is illegal for the District to make the contribution, where as it may under certain conditions be allowed for the Foundation to contribute to the campaign.

Why didn't alarm bells go off when the Enforcement Division saw that a public agency had made a contribution to a committee supporting a bond measure?

The form 460 filed by the Yes on E Committee is deceptive and misleading. Each of the \$50,000 contributions is listed as coming from "Santa Clarita Community College District-COC Foundation. This may have caused confusion for the public (me) and the investigator. I never dreamed that the College would be so brazen as to send a contribution from it's own account to the Yes on E Committee.

I believe that the Enforcement Division had a duty to determine which of the entities was the source for the contributions. Why did the ED assign the contribution to the Foundation? There is no evidence that I can find that the Foundation used any funds under its custody and control to contribute any money to the Yes on E Committee.

In fact, the sole Major Donor to the Yes on E Committee was the Santa Clarita Community College District. As such it should have, and should still be required to file Major Donor Form 461 fully disclosing its contribution of \$150,000.

By selectively identifying the Foundation as the sole "Major Funding By" party in its marketing materials, the Committee misled the voters as to the source of the true source of the contribution and escaped the scrutiny that disclosing "Major Funding By" Santa Clarita Community College District might bring by the public and law enforcement agencies.

Galena West in August put much emphasis on the fact that the contribution came from non-donor sources. We may never know what evidence she considered in making that determination because she was absolutely clear she could not disclose the information. To me, the point is rendered moot by the fact the money appears to have come directly from the district. In the broad general sense, given the facts I have presented, Galena West is correct that the contribution came from a non-donor source. The funds came from the District.

The question in my mind is why didn't the FPPC Enforcement Division correctly identify the source in Stip 17-287 and 19-475 as coming from the Santa Clarita Community College District, a public agency and refer it to the LA District Attorney and/or the CA Attorney General for investigation and possible prosecution for misappropriation of public funds?

Regarding the COC Foundation, why did the Chief Operating Officer Cathy Ritz feel compelled to file a late Form 461 when she should know that the Foundation was not the true source for the campaign contribution. To me, her action may have been part of a plan to continue a false narrative that the Foundation was the source of the contribution.

As an aside, the annual audit of the COC Foundation for the fiscal year 2015-2016 makes no mention of a \$150,000 contribution to the Committee. This seems quite strange to me since the contribution provided major funding to a committee that successfully supported a bond that would bring \$230,000,000 to the college.

During the August meeting the attorney for the Foundation.....Lacey Keys...who "coincidentally" also represented the Yes on E Committee in case 17-287 made broad statements to the commission about the high level of cooperation with the FPPC during the investigation.

Attorney Keys also referenced an Attorney General's Opinion regarding contributions from auxiliary organizations which I believe to be AG 04-211 Bill Lockyer.

The AG Opinion draws a distinction between the college and the Foundation. Under the section “Auxiliary Organizations Promoting Bond Measure Approval” pages 8-11 the AG opines that “an auxiliary organization may independently determine to contribute their own privately raised funds to a political action committee.....”

Attorney for Respondent Keys and Galena West emphasize that non donor funds were used, I again repeat that there is no evidence that the Foundation “contributed their own privately raised funds”, so the issue may be mute.

I note that there is no evidence that COC Foundation independently decided to contribute their own privately raised funds to the Yes on Measure E Committee. The Foundation in all likelihood knew that the funds came from the Santa Clarita Community College District and there was no need to make a contribution.

In effect the Foundation was used to shield to protect the Santa Community College District from allegations that Chancellor Dianne G Van Hook has misappropriated public funds from the community college district to the Yes on Measure E Committee.

Lacey Keys also put forth the case that a CPA had been chosen as the Principal Officer of the Yes on E campaign. What did not come out is that the Principal Officer / Treasurer Robert McCarty , the Respondent in Stip 17-287 was a long time member of the COC Foundation. Lacey Keys conveniently left that fact out.

The district, foundation, and Yes on E Committee worked “hand in hand” to support Measure E.

For those Commissioners who believe as I do that a natural person is responsible for this “can of worms” I put forth the name of Chancellor Dianne G Van Hook (30+ years) who originated the grant request which resulted in the contribution from the Santa Clarita Community District to the Yes on E Committee. Nothing happens on that campus without the knowledge, involvement, and approval of Chancellor Van Hook.

Chancellor Van Hook is on the Foundation and is the direct report for the Foundation COO Cathy Ritz. I suspect that they worked together to “mask “ the contribution from the District to the Committee.

In summary, I have lost faith in the FPPC Enforcement Division to prosecute an effective case against the District and the Foundation.

They put forth two stipulations before you (17-287 and 19-475) for approval that in my opinion do not correctly represent the underlying facts for your consideration. That should be of concern to you as Commissioners.

During the August meeting you asked, and Galena West confirmed that the FPPC could refer a case out to a District Attorney or the IRS.

I believe that this is the time for the FPPC Enforcement Division to refer the Santa Clarita Community College District to the District Attorney of Los Angeles County for misappropriation of public funds.

The FPPC should pursue any administrative penalties against the college and the Foundation for non compliance with FPPC rules and regulations under it's jurisdiction.

Sincerely

Stephen Petzold

[REDACTED]

Complainant FPPC Cases 17-287 and FPPC 19-475

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Steve Petzold

[REDACTED]

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Steve Petzold

[REDACTED]

Sasha Linker

From: Steve Petzold <[REDACTED]>
Sent: Tuesday, January 19, 2021 11:55 AM
To: CommAsst
Subject: AG Opinion 04-211 re FPPC case 19-475. For January 2021 Public Comment Commissioners meeting
Attachments: EPSON583.pdf

EXTERNAL EMAIL

This file scanned using Epson iPrint.

At the August 2020 meeting some Commissioners asked for a copy of the AG opinion referenced by the Respondents attorney, Lacey Keys.

Here are the relevant pages from 88 ops cal AG 46.... (2005 Cal Ag Lexis 7). AG 04-211 I provided pages 9-11.

Note the AG opines that an auxiliary organization “ may independently determine to contribute their own privately raised funds to a political action committee”.

There is no evidence that the COC Foundation made the 150k donation or that they privately raised any funds for the purpose of donating to a PAC.

Galena West has assured the Commission (August)! that the contributions referenced in STIP 19-475 were sourced from the Foundation using non donor funds.

Respectfully

Steve Petzold
[REDACTED]

Sent from my iPhone

88 Ops Cal Atty General 46
(2005 Cal Ag. Lexis 7) No 04-211

such actions serves to develop a campaign to promote approval of the bond measure by the electorate.

3. Auxiliary Organizations Promoting Bond Measure Voter Approval

An "auxiliary organization," as we use the term here, is one whose goals and purposes support the mission of a community college district or one or more of its colleges. (See 84 Ops. Cal. Atty. Gen. 41, 45-46 (2001); 82 Ops. Cal. Atty. Gen. 102, 104-105 (1999).) Auxiliary organizations may take a number of forms, including fund-raising nonprofit foundations, student organizations, and entities providing commercial services for the benefit of a district or one of its colleges. (§§ 72670, 72674, 76060.) Auxiliary organizations may, but need not, be established and operated under the auspices of a community college district board. (See 84 Ops. Cal. Atty. Gen., *supra*, at pp. 45-46; 82 Ops. Cal. Atty. Gen., *supra*, at p. 105; § 72673; Cal. Code Regs., tit. 5, § 59250, subd. (b).) The question presented is whether auxiliary organizations may independently determine to contribute their own privately raised funds to a political action committee established to advocate voter approval of a bond measure placed on the ballot by a community college district.⁷ We conclude that they may do so.

California courts have generally recognized auxiliary organizations as private entities rather than as public agencies or as part of the public bodies they seek to aid or assist. (*California State University, Fresno Assn., Inc. v. Superior Court* (2001) 90 Cal.App.4th 810, 826, 829; *Wanee v. Board of Directors* (1976) 56 Cal.App.3d 644, 648-649; see also *Coppernoll v. Board of Directors* (1983) 138 Cal.App.3d 915, 918-920.) We have previously reached the same conclusion. (47 Ops. Cal. Atty. Gen. 8, 10 (1966).) Since an auxiliary organization is not a public entity, its use of its own privately raised funds is not subject to the prohibition against the use of "public funds" for political purposes.⁸

We recognize that an auxiliary organization that is officially established under the auspices of a community college district board (§ 72670) may sometimes involve the

⁷ Here, the privately raised funds would exclude any "public funds" as that term is used in Penal Code sections 424-426.


⁸ In contributing its own funds to a bond measure campaign, an auxiliary organization may become subject to campaign disclosure obligations under the Political Reform Act of 1974. (See Gov. Code, §§ 84100-84108 [organization of committees], 84200-84225 [filing of campaign statements]; see also §§ 82013 ["committee" defined], 82015 ["contribution" defined].) Similarly, any direct campaign expenditures in the campaign over the bond measure may also become subject to campaign disclosure rules under certain circumstances. (See fn. 4.)

AG Opinion 04-211

participation of district officials. (E.g., § 72670, subds. (a), (d).)^{9/} Also, auxiliary organizations that are established in this manner are required to act in conformance with the district's regulations, and to submit to district oversight of their financial operations, including an annual audit and report to the district. However, we believe these provisions are insufficient to make an auxiliary organization's funds "public funds" for purposes of section 7054 and the general principles which it embodies. A community college district board does not have the power to convert an auxiliary organization's funds to its own use.

It is to be recognized that auxiliary organizations, particularly those established under the official auspices of a community college district, may enjoy benefits from their association with the district, such as the use of the district's name, reputation, and facilities.^{10/} Preventing abuse of these advantages is sufficient reason for giving community college districts the responsibility to exercise oversight of an auxiliary organization's financial affairs. For this reason, we do not regard the statutory provisions for financial oversight as an indication that an auxiliary organization's funds are equivalent to a district's funds for purposes of the prohibition against using public funds for advocacy purposes. Moreover, auxiliary organizations, as non-governmental organizations, are entitled to a degree of freedom under the First Amendment to make financial contributions to political causes. (See generally *Buckley v. Valeo* (1976) 424 U.S. 1; *Pacific Gas & Electric Co. v. City of Berkeley* (1976) 60 Cal.App.3d 123.) We assume for purposes of this opinion that any such contributions would be consistent with the laws and bylaws governing the establishment and operation of the donor organization. We assume also that any such contributions would be consistent with the First Amendment interests of the members of the donor organization. (See generally *Keller v. State Bar of California* (1990) 496 U.S. 1; *Abood v. Detroit Board of Education* (1977) 431 U.S. 209.)

We conclude that after a community college district has placed a bond measure on the ballot, consistent with its charter, articles, and bylaws, the district's nonprofit foundations, student body associations, and other auxiliary organizations may independently

 ⁹ Any activities of district employees involving auxiliary organizations for political purposes may only take place on their own time, not during their compensated time as district employees. (See *Fair Political Practices Com. v. Suitt, supra*, 90 Cal.App.3d at pp. 127-132.) "Campaign related activities" are broadly defined. (See Gov. Code, § 82015, subd. (b)(2)(C); Cal. Code Regs., tit. 2, § 18420.)

¹⁰ However, an auxiliary organization may not use facilities provided to it by a community college district for political purposes any more than the district itself may do so. We address here only the expenditure of private funds by an auxiliary organization for purposes of contributing to a ballot measure campaign.

determine to contribute their own privately raised funds to a political action committee established specifically to advocate voter approval of the bond measure, subject to applicable campaign disclosure requirements.
