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FPPC Investigation of Gifts from Stone & Youngberg
Hundreds fail to report bond-firm meals
Statewide investigation started in Poway, nabbed 260 officials

Oct. 6, 2014 | By Ricky Young & Jeff McDonald | www.utsandiego.com

EXCERPT: California regulators have cracked down on hundreds of public officials up and down the state who accepted meals, baseball tickets, brownies and other gifts from a bond-finance company and failed to disclose them.

The dinners and other considerations came from Stone & Youngberg, a Bay Area firm that was paid \$62.7 million in the past four years for issuing \$10.4 billion of public bonds in California. Many of the agencies issuing the bonds were the ones whose leaders received the meals and failed to disclose them as required by law.

The eight-month investigation by the California Fair Political Practices Commission resulted in more than \$18,000 in fines, appearing on a meeting agenda posted today for formal approval next week. The probe began earlier this year in response to a U-T Watchdog report about Poway school officials who repeatedly accepted gifts from the firm and failed to disclose them for years. ...

Stone & Youngberg did not respond to questions about its gift-giving practices. ...

Indeed, about half of the officials who accepted meals from the bond firm have not done business with the company, according to a Watchdog review of state records. ...

But Glenn Byers, assistant treasurer of Los Angeles County, said he sees an overall pattern in the bonds his office processes, in which the firms that buy meals and other considerations for officials are rewarded with business.

"It creates an atmosphere, where the guy says, 'Hey, you want some Dodgers tickets,' and guess what? The next time you have to award a contract, you're picking between the firm that gave you the tickets and the one that didn't. It's undue influence by the one that gave the tickets."

Even if officials believe they're not being swayed, Byers said, "I'm sorry, but there seems to be a nexus there. And whether it was or wasn't there, the optics aren't good."

With cooperation from Stone & Youngberg and its expense records, regulators identified 312 public officials who accepted gifts or meals from the firm over the previous four years.

Investigators determined 282 were required to publicly report the gifts, and 22 did. That means one out of every 13 public officials complied with the mandate to report gifts, a poor batting average that enforcement staff called out in bold italics in its memo to the commission. ...

State rules allow public officials to accept gifts up to \$50 without reporting them. Above that, they must be reported on publicly-available disclosure forms called statements of economic interest. The idea is that with disclosure of such gifts, voters can determine for themselves whether an official was improperly influenced. ...

The corruption probe, sparked by Watchdog reports dating to 2010, ended with 18 criminal convictions, including a former superintendent and former trustee who went to jail. Publicity surrounding that case prompted Poway officials to redouble their efforts to disclose gifts, resulting in amended filings in 2012 that brought on the U-T story and eventual statewide probe.

The political commission cited the seriousness of the Sweetwater probe in its decision to move forward with the Stone & Youngberg cases, although noting the South County cases had "factual circumstances more severe than the conduct in question here." ... *Staff writers Joel Hoffmann and Ashly McGlone contributed to this report*

To read the complete article, please visit:
www.utsandiego.com/news/2014/oct/06/stone-youngberg-poway-meals-statewide-probe

Bond funds Can Only be Used for Projects Listed in Measure
Lawsuit Filed Against Sonora High School

10/08/2014 | Sabrina Ambler | www.mymotherlode.com

EXCERPT: Sonora, CA - A lawsuit has been filed to stop the Sonora High School District from spending Measure J Bond money on an aquatic center. Measure J, passed by county voters in 2012, has defined several projects to be done in phases.

Sonora Union High School District Superintendent Mike McCoy says "Right now it hasn't stopped the process. We are seeking legal counsel. Right now we are very disappointed. Instead of money going to students and schools it is going to be going to attorneys."

The lawsuit was filed on behalf of Citizens Against School Bond Abuse (CASBA) by Larry Coombes. Coombes says a six page legal letter was given to McCoy two weeks ago regarding CASBA concerns. Coombes says the bond was passed under Proposition 39 conditions which also requires a list of specific projects.

McCoy says "When you are looking at school bonds, and you look at the Foothill-De Anza Community College case as a precedent, school bond language generally is general. That is because you pass a school bond and you say we are going to fix these five things and then the auditorium ceiling collapses the next day... You want to be able to use those bond funds to fix the ceiling but if you didn't put the word auditorium in the bond language you can't. So usually the bond language is kind of general and over arching. After you get the bond you bring architects and contractors in and you identify needs and have a list of things that need to be fixed and go off of that." The case McCoy mentions was resolved by the State Supreme Court in 2008. ...

To read the complete article please visit:
www.mymotherlode.com/news/local/224651/lawsuit-filed-sonora-high-school.html

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CaLBOC Annual Statewide Conference:
May 8, 2015, Friday

Pay to Play in School Bond Measures-What it is and Why it is Wrong
2014CaLBOC PaytoPlay.pdf
Presented by Lori Raineri of Government Financial Strategies, GFS

Mission Statement

To promote school district accountability by improving the training and resources available to California's Proposition 39 School Bond Oversight Committees and educating the state legislature, local school boards and the public about the oversight and reporting powers these Citizens' Bond Oversight Committees (CBOCs) have, and to advocate on a state level, where appropriate, on issues of common concern to all CBOCs.

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