ANAHEIM REPORT

LAist
Hed:
Diverted COVID Funds, Possible ‘Theft’ Of $1.5M, Data-Harvesting: Here’s What A 353-Page Independent Report Uncovered About Anaheim Politics

Desc: The report is the result of a nearly year-long investigation the city commissioned from a former police investigator.

Topline:

A massive report released this week on corruption and influence-peddling in Anaheim city government details a wide range of wrongdoing, including possible theft of taxpayer money.

The 353-page independent report is the result of a nearly year-long investigation carried out by an outside legal firm, JL Group, run by a former police investigator. It was commissioned last summer by city officials in an effort to demonstrate transparency and restore public confidence after the FBI revealed it was investigating former Mayor Harry Sidhu and other key Anaheim figures for corruption.

Investigators said their findings "tended to reinforce" observations laid out by the FBI that a small group of powerful individuals wields heavy influence over city government.

The report’s key findings include:

- The city awarded large contracts to the Anaheim Chamber of Commerce "with little or no oversight or meaningful deliverables."
- A "potential criminal conspiracy” to divert $1.5 million in federal COVID recovery funds to a nonprofit affiliated with the Anaheim Chamber of Commerce. The report describes it as a possible “theft” of public money.
- Former Mayor Harry Sidhu engaged in "influence-peddling" with former Chamber of Commerce CEO Todd Ament. "The evidence pointed to the fact that individuals who wanted to meet with the Mayor first had to meet with Ament and then pay some form of tribute in order to reach Mayor Siddhu," investigators wrote.
- The Anaheim Chamber of Commerce took over or supported various community groups and city initiatives, and then used them to gather personal data in order to target residents with campaign materials for candidates supported by the chamber.
- The chamber "acted virtually as a money-laundering operation" for cannabis businesses and lobbyists who sought to influence city policy for the industry.

- Two former elected city officials, former Mayor Curt Pringle and former Councilmember Kris Murray, may have violated the city policy by lobbying on behalf of clients soon after leaving office.
- Jeff Flint, whose clients included the Angels and reportedly Disney, and several other high-profile lobbyists, including Pringle, routinely failed to report lobbying activities as required by city law. Investigators also found that city officials failed to enforce its lobbying rules.

Also of note:

- Less than 40 pages of the report contain redactions. Some watchdogs had worried that the public version of the report would be heavily redacted and shield people involved in wrongdoing. The full report is being shared with the Orange County District Attorney, the California Attorney General and the FBI.
- The Walt Disney Company and Angels baseball "flatly refused to cooperate at all" with the investigation, according to the report. In a statement to LAist, Disney disputed that part of the report, saying it wasn't asked to participate beyond a request for an interview to the company's chief lobbyist, Carrie Nocella, who declined to talk to the investigators.
- The report includes a matrix detailing 58 potential crimes uncovered in the investigation, including money laundering, obstruction of justice, theft or bribery, and misuse of campaign funds.
- The report also mentions "rumors" that Nocella bragged about having inside information from city council closed sessions, which would be illegal to leak to her. Investigators wrote they couldn't confirm this because Nocella refused to talk, though they did not outline any other attempts to verify the claims.
- The city-hired investigators met with OC District Attorney Todd Spitzer and his staff in early February to provide information about possible crimes – specifically around the diverted $1.5 million. But Spitzer's office didn't follow up with the independent investigators and it's unknown whether the DA launched an investigation, according to the report. In a statement, Spitzer's office told LAist the information is being reviewed.

LAist also requested comment from Sidhu, Nocella, Pringle, Ament, Flint, Murray and current Anaheim Chamber of Commerce CEO Laura Cunningham. None returned calls and messages Tuesday.

'**Rampant' wrongdoing** (sub)

Anaheim Mayor Ashleigh Aitken told LAist Tuesday the report "confirms the wrongdoing that was rampant in the city."

Aitken ran for mayor in 2022, and won, on a platform of reform following the FBI revelations. "Am I shocked about the information contained in the report? No," she said. "But am I livid? Absolutely."

Aitken said she planned to form an advisory committee of city leaders from different sectors to review the report and make recommendations for changes to campaign finance and other city laws.

"I don't want this to just get put on a shelf and a year from now people can say nothing has changed. I'm not going to let that happen," she said.

Last week, Ely Flores, executive director of the nonprofit Orange County Communities Organized for Responsible Development, told LAist despite campaign promises from Aitken, he hasn't seen any related action from the mayor or current city council so far.

"No one is championing any campaign finance reform ideas or proposals at all," he said, referring to Anaheim's operations as "business as usual."

Aitken told LAist it would've been "premature" to take action before the report was completed.

"But now that the report has been concluded and we have an outside source that has looked at us and has documented all of these wrongdoings, I think it is time to look at our election system because the biggest losers in all of this are the people," she said. "We're diluting our own residents' vote and our own residents' voices by allowing these actions and lobbyists and these PACs and [independent expenditures] to just go unfettered."

Former City Councilmember Jose Moreno was a vocal critic of the Anaheim stadium deal during his time in office and regularly called out the influence of the Chamber of Commerce and Disney in city governance. He told LAist Tuesday the report reflects his experiences in office.

"Sometimes you wish you were wrong but on this one, unfortunately, we were not," he said.

Moreno said he hoped the results of the independent investigation would help people understand that the corruption and influence peddling at Anaheim city hall extends well beyond Sidhu, the former mayor.

"How were they able to get five councilmembers regularly to vote consistently with little discussion on major public projects, land sales, ordinances?" he asked.

Moreno said the fact that Disney and the Angels declined to participate in the investigation was telling.

"The Disney Corporation … they're the purse string to all of this," Moreno said.

In a statement to LAist, a Disney representative said the report "erroneously states that there were repeated requests for Disney to participate. While Carrie Nocella was asked to be interviewed and her attorney declined, no other Disney staff were ever asked to participate."

Moreno said the core problem is the lack of strong campaign finance and lobbying rules in the city. As a councilmember, Moreno proposed enhanced campaign finance rules several times in recent years, including limiting the amount of time that candidates can fundraise. But he failed to get them passed.

"It's very difficult to ask a working class city of its residents to keep monitoring their elected officials," he said. "You gotta mitigate as much as possible the influence of money in the elections."

In the report, investigators renewed calls for the city council to approve campaign finance reforms put forward last year by Moreno.

'Like mob behavior'

Jodi Balma, a Fullerton College political science professor who closely follows Anaheim politics, says the report shows a "blatant disregard for the law" and feels "like mob behavior."

"It felt like the worst of Tammany Hall, which resulted in those Boss Tweed political machines," Balma said, referring to infamous corruption in New York City in the mid-1800s.

That corruption, she noted, "resulted in the progressive movement that really reformed government."

That means Anaheim has an opportunity, Balma said, to develop reforms "that will not just stop the next scandal from happening, but give themselves a city that is transparent, that is responsive, and that truly serves the people of Anaheim."

"That's what my hope is."

INFOBOX
HED: For Anaheim Residents

Read the full report yourself: You can find it here.
How to stay updated: The next city council meeting is Aug. 15. Check the council calendar here.

Where to submit feedback: You can contact the mayor or your city councilmember directly. You can also request a meeting with the mayor.
Send us a tip: We welcome your insights. Submit a tip at the bottom of this story or send an email to our Orange County correspondent: jreplogle@scpr.org.

BRIEF:

25c hed: Anaheim Corruption Report
50c subhed: Probe finds possible theft of $1.5M from taxpayers

TOPLINE:

A massive report released this week on corruption and influence-peddling in Anaheim city government details a wide range of wrongdoing, including possible theft of taxpayer money.

Among the key findings: A "potential criminal conspiracy" to divert $1.5 million in federal COVID recovery funds to a nonprofit affiliated with the Anaheim Chamber of Commerce. The report describes it as a possible "theft" of public money.

What's next: Ashleigh Aitken, Anaheim's current mayor, says the report "confirms the wrongdoing that was rampant in the city." Plans call for an advisory committee to be formed to recommend changes. In the report, investigators are renewing calls for the city council to approve campaign finance reforms put forward last year by former Councilmember Jose Moreno.

Redactions (on 39 pages) - many of it email correspondence between senior assistant city attorney Kristin Pelletier, city attorney Robert Fabela and others

Calls:
Ashleigh Aitken - Jill
Kurt Pringle
Carrie Nocella
Todd Ament
Todd Spitzer
Jeff Flint
Harry Siddhu

Tom Tait
Kris Murray (called out for indirectly lobbying for Expedia against the proposed TOT ordinance before her revolving-door prohibition period was up)
Jose Moreno - Jill
Bill Taormina

Major issues
-cannabis
-revolving door city govt-lobbying

Major players (middle men of influence**)
Recommendations
Action infobox

For AirTalk

Influence of Anaheim Chamber and lobbyists has been open secret in Anaheim for a long time.

A lot of stuff in the report that's been previously reported or partially reported by us, by our colleagues at Voice of OC and the LA Times. One big diff is that the investigators were able to interview city staff and they were assured there would be no retaliation for their participation.

Also the FBI documents last year

They also reviewed nearly 1 million emails and over 50,000 pages of documents.

-former mayor Siddhu engaged in "influence-peddling" through former chamber of commerce president Todd Ament.
-Anaheim Chamber "awarded contracts for large sums of money with little or no oversight or meaningful deliverables"
-favored contractors and companies with ties to lobbyists and government officials that got lucrative contracts from city, sometimes without competitive bidding process
-lobbyists not registered, not reporting lobbying activity
-describes how the chamber of commerce took over or created several non-profits that later became political tools of the chamber

took over a community organization some 10 years ago and began using it to promote their chosen candidates, in part by collecting information from people who signed up for events, like a 5K run, and then using that data to target campaign materials.

Federal law prohibits 501(c)3s from participating in political activity

The Walt Disney Company and Angels baseball "flatly refused to cooperate at all" with the investigation. Both entities have featured heavily in Anaheim politics.

-Anaheim First
-cannabis ordinance
-Visit Anaheim COVID relief money
-emergency shelter
-lobbyists not registered, not reporting lobbying activity - Flint, Ament and Curt Pringle
-insufficient credible evidence to show city councilmembers had violated the Brown Act but found that former Mayor Siddhu likely did by leaking the appraisal and other confidential information about Angel Stadium to Angels reps (same as Ament and Flint?)
-called Todd Ament Siddhu's "*de facto* agent"
-30 Carl Karcher Way
-Siddhu engaged in "influence-peddling" through Ament. "The evidence pointed to the fact that individuals who wanted to meet with the Mayor first had to meet with Ament and then pay some form of tribute in order to reach Mayor Siddhu."
-"lack of oversight and meaningful enforcement concerning lobbying in the city"
-Anaheim Chamber "awarded contracts for large sums of money with little or no oversight or meaningful deliverables"
-$6.5m COVID relief funds to Visit Anaheim to assist in marketing of the convention center etc. post-pandemic (check agenda), essentially a marketing group, $1.5m diverted to Anaheim Economic Development Corporation, a chamber-controlled non-profit

Clay M. Smith, the retired judge who oversaw the investigation, noted in the report that The Walt Disney Company and Angels baseball "flatly refused to cooperate at all" with the investigation. Both entities have featured heavily in Anaheim politics.

Investigators looked at campaign contributions, lobbying activity and city contracts awarded over the past 10 years. They said their findings "tended to reinforce" observations laid out in FBI documents that a small group of powerful individuals wields heavy influence over city government.

The team interviewed more than 120 witnesses, and reviewed nearly 1 million emails and over 50,000 pages of documents, according to the report. The team especially scrutinized the since-canceled deal to sell Angel Stadium. Former Mayor Harry Sidhu resigned last year after the FBI revealed it was investigating him for allegedly soliciting a $1 million campaign contribution in exchange for passing Angels representatives confidential information during negotiations.

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Investigators said the Anaheim Chamber of Commerce under the leadership of Todd Ament featured largely in the "suspicious activities" they uncovered.

-No-bid contracts to Anaheim Chamber of Commerce, including Anaheim Enterprise Zones Program and the projected $250 million Anaheim First project

"It appeared to us, based on our Investigation, that there was seemingly no real bargained-for exchange between the City and the Anaheim Chamber concerning the payment of these funds. It was as if the City was merely subsidizing the Anaheim Chamber with infusions of money on a near-yearly basis."

- emergency shelter had "irregularities in accounting and costing … and its relationship to the city's visitors bureau.

They said Anaheim First "was essentially a political data-mining operation, where information about people who attended city council district meetings was "captured and thereafter used improperly for political purposes."

$6.5 million in COVID relief money granted to Visit Anaheim. After the former city manager, Chris Zapata, suggested the money should be paid back as a loan, then-Mayor Sidhu orchestrated his firing, according to the report. The investigation also found that Visit Anaheim did not spend the money according to the city council's direction.

Investigators found that $1.5 million of the relief money was diverted to a separate non-profit organization controlled by the Anaheim Chamber of Commerce.

Investigators said the Anaheim Chamber "acted virtually as a money-laundering operation" re. a proposed cannabis ordinanceXXX LOOK INTO THIS

Anaheim Hills Community Council - non-profit that became a political tool of Chamber of Commerce some 10 years ago

5K race, registrants' information was then given to chamber for purpose

Jose Moreno

Overall impressions
What did they leave out?
Do we know more about Disney's role in Anaheim government at this point?

Tell me about Anaheim First
You spanned two, very different city councils. Did you experience a change in the influence of outside parties during that time?
How can residents get involved?
Do you have faith in current city council?

It certainly reflected by experience in city hall.

It's sad. Sometimes you wish you were wrong. Unfortunately, on this one we were not.

Year ago, a lot of attention was on very corrupt mayor. … that's the story of anaheim, people rise to power in corruption ….

Hope that the media, the public will quickly get over the actors themselves, but who funded them? Who were they serving?

Siddhu needed and got five votes regularly and consistently on major public projects … and how those five participated with "shadow government"

Staff wasn't really willing to confront it.

This showed us the nuance of how they did it***** - in part through staff testimonies, I'm sure they could've said a lot more….

-Preferred developers getting rammed through
-didn't know mayor said he wanted to see all contracts
-law set up in 2016**** CHECK, staff is supposed to report when lobbyists aren't registered but seems like they weren't, can only assume out of fear

Refusal by Angels baseball and Disney to participate says a lot.***

Disney is the purse strings to all of this. They initiated it, convened it ….

Our police says if you see something, say something. I wish our staff had said something.

Previous city manager said this should stop (with Angels and Chamber) and he ultimately lost his job.

The current city manager seemed to acquiesce to all of it. He would say you don't have the votes…I'd say this is wrong….

-UC Irvine medical clinic, it was left vacant, we wanted to lease it out for dollar a year, Anaheim has tradition of doing this. I thought that's great. (city doesn't have money to invest in the

services). They developed RFP. Then all of sudden there's a closed session item to lease building to for-profit lab.

City manager said Faessel asked him to talk to vendor to lease building for five years, provide free COVID testing. Mayor wanted that….

During COVID crisis, I would regularly ask city manager to have more testing in west Anaheim, he said that's not what the mayor wants right now.

City manager, clerk and attorney directly hired by council.

Says strong mayor isn't problem, it's the controlling interest….cabal was the one telling mayor what to do.

Tait said I'm not doing that for you. That's why he became so hated by that group.

It's a company town and whether your a strong mayor or strong city manager, it doesn't matter.***

Previous city manager, I tried to work with him, it was clear that he didn't have interest in working with council majority at the time toward … I supported removing him at the time.

"City manager position has been battleground for control of Anaheim."***

I think city should renew how to ensure integrity of city manager. In 2019, I proposed campaign finance ordinance (they proposed 3-person agenda thing)

They tabled it, I brought it back to 2022 (they had changed back to anyone can agendize)

At the core of this is campaign finance.***

For resort, it's to control zoning and budget and finance to keep power.

Todd Ament would help people set up campaigns right after they were elected. (I proposed can't raise money til year of election."

You can't act on a city manager's contract until 6 months after an election (talking about making that a year at state level***)

(Vanderpool always said worked for four….)

29:20 city manager should give you some level of protection***** it's a buffer, if people can't influence electeds, then those electeds can't pass that influence on to city manager

Why didn't Disney participate? Same with Angels baseball. I thought it was very disappointing that Disney didn't participate.

But with Brandman tell-all, and these investigations… the puppet master have not quite been exposed yet.**** Flint, etc, they're working at the behest of. And they just got greedy and sloppy.

Tait would often say to Disney, why are you operating this way? It's bad for your company, brand … put them in bed with these bad actors

Anaheim First - Barnes and I called it out right away. They got chartered real fast. Every district would have advisory council, we asked who they are, they wouldn't say. We asked why community staff couldn't do needs assessment. Why do we need nonprofit created by chamber to do this?

Would guide city council on $250m initiative, which was shocking. We're struggling to keep our one pool open. 5:05

Zapata said we'd look into where to get that money, finance manager didn't know, because it wasn't their idea.

Contracts to do those needs assessments went to friends of Todd Ament, …we now know through report. We felt that was the mechanism, we just couldn't prove it.

Roster of who's who supported Siddhu and who who's of those who opposed Barnes and me.

We wondered what happened with information? Harvesting information, contact info of community leaders.

Council all witnessed what happened last year. They all came to support ideas of stuff they were opposing. We're now eight months into their term and we haven't seen any reforms. State of the city didn't even mention it.

They had to bring JL Group to convince them the investigation was even important to complete.

Todd Ament and Jeff Flint … that chair is still there. Someone is still meeting with elected officials.

We just saw that play out with hotel workers' initiative. ***????

Disney largely unscathed in public accounting

City manager still there ….

My hope lies that they were waiting for the report. The mayor's committee idea doesn't sound good. I hope she's had some ideas, I'd like to hear her ideas. And then have town hall meetings. And then make recommendations … to kind of push it off to a commission. Also who are you going to appoint? Everyone and anyone who's in Anaheim has been implicated.***

I think they're best served by taking leadership here.

-email, call, demand that city council pass the campaign finance ordinance proposed last year***
-that's why we ended up fighting for district elections.
It's very difficult to ask a working class city to patrol its elected officials (CHECK - GOOD**)
-it boils down to elections, and checks and balances
-mitigate as much as possible money in the influence of elections***

A lot of policies are not the policies of that council member, they were policies handed to them from someone else.

On dais, I wasn't arguing with councilmembers, I was arguing with people not in the room.

Push council to put campaign finance reform act on agenda. (Faessel reintroduced it last year), strengthen it and pass it.***

-gas station thing. Appeal came from gas station owner across the street, friend of Siddhu.

What was interesting in that narrative is that pres of Anaheim Police Assoc wrote a letter (Edgar Hampton) against that gas station, which was weird. Pete Mitchell lobbyist for police union showed up at meeting

"They were all looking out for each other."

That was only mention of police association. And we just passed budget giving them more money. I worry that police and fire unions … they were also part of that group "cabal."

Kurt pringle and Kris Murray once called themselves "masters of the universe."

Police and fire were consistently with special interests.***

Tell me about Anaheim First
You spanned two, very different city councils. Did you experience a change in the influence of outside parties during that time?
How can residents get involved?
Do you have faith in current city council?

Ashleigh Aitken

Confirms the wrongdoing that was rampant in the city.

Am I shocked? No.

I was surprised that we have nonprofits in our community that were taking our covid dollars….Visit Anaheim … to have $1.5 m unaccounted for ….

Thankful to former colleagues for remaining on this issue ….*** US Attorney's Office

Biggest concern is that wrongs were committed that need to be righted… want to make sure wrongs are righted.

Way people outside city hall interact ….

Mayor's advisory committee made up of people not detailed in the report

Don't want this to get put on a shelf.***

We put a lot of faith into these outside investigators so taking action before we had results seemed premature.**

Biggest losers in all of this are the people, we're diluting our own residents' voices and votes by allowing PACs and IEs unfettered ….

Justice takes time …. Fed investigation is taking longer than any of us would like.

Hope our DA will examine elex campaign and tax irregularities

-Relationship with chamber

I think it's really important to support our biz community … and to know that majority of businesses in Anaheim are small businesses. Inappropriate when Chamber is working with a few big business….

A lot of the quote unquote nonprofits worked against mayor… I don't think that's an appropriate role…

-committee - going to set it up through the mayor's office, going to be asking people not associated with groups in question, bipartisan, voices of people around the city, I'll be asking respected leaders, come up with recommendations, have public forum, with broad agreement to bring back to council

-council colleagues might have other ideas

If change to charter, people would vote on it

People should get more involved in electoral process
-would like city to get more involved in educating people about the campaign mail they get
-hold public forums that are independent
–set up community spaces where people's voices are heard
-have made concerted effort to have office hours outside of office
-my calendar is public, I don't usu meet with lobbyists, some reforms I've already done
-would love for people to join a commission, come to city council meetings
-go to community council districts
-invite mayor to community groups, church, whatever

My one hope out of all of this is that we can provide some meaningful reforms so that people can have their faith restores in leadership. What we do in next six months will be most meaningful.****