



September 16, 2020

Subject: Requesting a continuance for the proposed stipulation in the Matter of BluPAC and Douglas Chan

Dear FPPC Chair and Commissioners:

I'm writing to you because Dark Money is an important issue for the FPPC and the City of Santa Clara.

In 2013, the FPPC blazed a trail by uncovering dark money used against statewide propositions 30 and 32 in the 2012 election cycle.

In 2018, as a direct result of our experience with dark money and the BluPAC organization, the City of Santa Clara passed a "dark money ordinance" which requires contributions of \$100 from any organization to be reported as campaign contributions. We believe we are the first city in the nation to take this step.

Given our respective histories, we can and should work together on the BluPAC case. It is clearly another example of dark money being used to conceal the identity of donors in a California election, specifically the 2016 municipal elections in Santa Clara.

As indicated in your staff's proposed stipulation:

"The investigation found insufficient evidence that BluPAC had become a recipient committee, **as it kept political expenditures under the \$50,000 threshold** for a multipurpose committee to become a recipient committee. **This displayed a level of sophistication**, so it is aggravating that no disclosure was made locally prior to the election and only 1 day prior to the election with the Secretary of State's Office."
[emphasis added]

With their sophistication and deliberate reporting, BluPAC was only shy of the \$50,000 threshold by \$735. While your staff had gathered some of the evidence related to BluPAC's campaign activity, it had not uncovered all the facts. I have recently provided your staff newly obtained physical evidence that demonstrates how BluPAC exceeded the \$50,000 threshold in 2016. This evidence included **unreported** expenditures of:

- Two full-page, color, gloss mailers that clearly state "paid for by BluPAC" and
- A professionally produced and hosted BluPAC website.

FPPC Chair and Commissioners

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From my experience as the Santa Clara Elections Official, and from having run my own personal campaign, the cost of these additional mailers and website are estimated to be between \$16,500 and \$33,000, easily putting BluPAC's total expenditures over the \$50,000 threshold for dark money disclosure requirements.

I also provided your staff with new evidence of 2 mailers sent by the Citizens Economic Council, using contributions exclusively from BluPAC, including a professionally designed, audio-activated "Talking Card" mailer. The new evidence will show that by cross-referencing the disclosure forms filed independently by BluPAC and the Citizens Economic Council that, at best, there is clear evidence of misrepresentation of the disclosures and, at worst, show a sophisticated coordination between the 2 organizations to retroactively "cook the books" to match. I have formally requested staff, and am re-iterating the request with the Commission, to open a parallel investigation into the Citizens Economic Council and their misrepresentation in campaign contributions and expenditures, in association with BluPACs activities.

With this new information and the excellent experience of the FPPC staff on dark money issues, I believe this will be your second major dark money case. In fact, I'm so confident that I, as Santa Clara's City Clerk and Chief Elections Officer, am extending my support and offer to use the resources that my City Council has allocated to my office for election law enforcement in assisting the FPPC in any way necessary.

By accepting this stipulation as presented and not allowing the new evidence to be evaluated would leave unaddressed the most egregious violation of all dark money laws and reduce this matter to a 24-hour reporting violation slap-on-the-wrist.

Today, I ask for the Commission to continue this item to a future date, allowing staff the time necessary to review the newly provided evidence and my offer of help.

Sincerely,

Hosam Haggag
Santa Clara City Clerk

cc: Galena West: Chief of Enforcement, FPPC
Bridgette Castillo: Senior Commission Counsel, FPPC
Brian Doyle, City Attorney, City of Santa Clara