

# KAUFMAN LEGAL GROUP

A PROFESSIONAL CORPORATION

May 27, 2025

## VIA E-MAIL

David Bainbridge, General Counsel  
Fair Political Practices Commission  
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**Re:        Commission Opinion Regarding Edward Shikada**

Dear Mr. Bainbridge:

We represent the Palo Alto City Manager Edward Shikada regarding his request for a Commission Opinion. As you are aware, part of the background for the Opinion Request is FPPC Advice Letter I-24-102. In that Advice Letter, the Legal Division provided an analysis of the issue presented and concluded that there was a potential conflict of interest issue under Government Code Section 87100 because Mr. Shikada has a financial interest in Stanford University because his spouse receives income from Stanford Health Care.

The key issue for consideration by the Commission is the relationship between Stanford Health Care and Stanford University, and whether this relationship results in Stanford Health Care and Stanford University being treated as the same entity for conflict of interest purposes. The Commission's determination on this issue will have repercussions beyond just the facts of this specific situation and will affect the future analysis of all universities in California and their affiliated entities, as well as many nonprofits and their affiliated entities.

We request the FPPC staff present the Commission with a range of options on this issue, rather than simply providing a defense of the staff's position. These options can include:

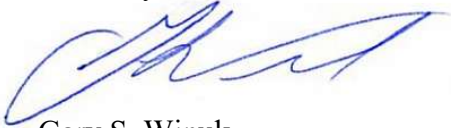
1. Issuing an Opinion that finds the facts of this specific matter do not constitute Stanford University "controlling" Stanford Health Care;
2. Issuing an Opinion stating a broader rule that the types of factors present here do not constitute control of one organization over another. Specifically, that the fact that one entity has the power to appoint and remove the board of the other entity, and one entity may make a **recommendation** as to the appointment of the other entity's

president are insufficient factors, in and of themselves, to constitute control, particularly where few or no common board members are shared.

3. Directing staff to draft a regulation articulating specific factors to be considered in making the determination of when one nonprofit entity controls another that would find no conflict of interest in the presented factual situation.
4. Adopt the finding in *Young et al. v. The Leland Stanford Junior University*, 2020 Cal. Super. LEXIS 13204 that Stanford University and Stanford Health Care are not alter egos and not subject to “pierce-through” civil liability and, thus, cannot be held to be affiliated entities under Section 87100.

Given the importance of this issue, we request the full range of options be presented by staff to the Commission for their informed consideration. Please let us know if you have any questions or would like to discuss this issue further.

Sincerely,



Gary S. Winuk