

Confidential file alleges former Mayor Libby Schaaf secretly used political committee to raise money from city contractor

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In March, Oakland’s Public Ethics Commission fined civic advocate Susan Montauk \$500 for her part in a scheme to circumvent campaign finance laws. Investigators said Montauk wasn’t really a “bad actor” and hinted she may help them land a bigger fish: an unnamed elected official who, they allege, secretly controlled a committee to raise money for a 2018 ballot measure. Based on city records and interviews with people who have firsthand knowledge of the case, The Oaklandside has previously reported that the unnamed official is former Oakland Mayor Libby Schaaf.

Now, confidential records obtained by The Oaklandside reveal in detail the case that ethics investigators are building against the former mayor.

A 34-page draft summary and legal analysis written by the commission’s staff describes how Schaaf allegedly controlled a supposedly independent political committee called “The Oakland Fund” to raise funds for a ballot measure she helped create: Measure AA, also

called the Oakland Children's Initiative. Through this committee Schaaf helped raise \$1.8 million to support Measure AA, including \$100,000 from Julian Orton, the president of Orton Development.

Investigators allege Schaaf broke the law by never disclosing her control of The Oakland Fund, as did Orton by giving money to the Measure AA campaign while his company was negotiating a business deal with the city. Ethics investigators are considering whether to recommend that the commission impose a combined penalty of as much as \$200,000 against Schaaf, Orton, and his company, according to the document. The investigators didn't break down who might be made to pay what amount.

Investigators are also considering a \$4,500 penalty against Schaaf, The Oakland Fund, and the committee's former principal officer for failing to disclose who actually controlled the committee in campaign reports.

The document obtained by The Oaklandside is a "factual summary, legal analysis, and recommended penalty" for Schaaf and Orton. To date, the ethics commission has not publicly accused Schaaf or Orton of any wrongdoing.

If ethics investigators decide at some point to formally accuse the former mayor of wrongdoing, and if the penalties they recommend in the draft investigation are approved by the commission, the fines would be among the highest ever levied on a former elected Oakland official or company. Investigators wrote that steep penalties are warranted because the violations "are among the most serious" in Oakland's Campaign Reform Act.

"The strict rules applying to candidate-controlled committees are not mere technicalities, but go directly to the very purpose of campaign finance law," investigators stated in the document. They wrote that Schaaf was "clearly aware" of the fundraising powers of her office, and she personally solicited many of The Oakland Fund's contributions, even making herself available for "one-on-one meetings with high-value potential donors."

"Given her uniquely powerful ability to bring in money, Mayor Schaaf should have been acutely sensitive of the need to distance herself from any controlling role," investigators wrote in the draft case record. "Instead, the Mayor did the opposite."

It would have been legal for Orton to give a large sum of money to a political committee that was not affiliated with an elected official or candidate. Businesses, including those with city contracts, often contribute to ballot measure committees when they're not run by candidates and elected officials.

But investigators claim that by giving money to a committee that was allegedly secretly run by Libby Schaaf, Orton violated Oakland's Campaign Finance Reform Act. The law is intended to prevent pay-to-play relationships between politicians and companies seeking to do business with the city. Investigators wrote that Schaaf broke the same law by failing to

disclose her relationship with the committee. If Schaaf had been publicly associated with the committee, any contribution from Orton could have been immediately flagged by the PEC or other enforcement agencies as improper.

Schaaf, who is running for state treasurer in 2026, has not responded to repeated attempts to contact her, including phone calls, emails, and a letter left at her home.

The draft record includes a summary of an interview between Schaaf and investigators, in which Schaaf allegedly “tried to downplay” her involvement in the committee, blamed subordinates for using her name in campaign emails without her knowledge or authority, said she didn’t remember almost any facts related to the Measure AA case, and did not acknowledge any responsibility for mistakes that may have been made.

Orton declined an interview request, citing “potential litigation.”

“We have no comment at this time except to say it isn’t a matter of ethics, but rather about technicalities of political donations in Oakland,” Orton wrote in an email in response to our request for an interview.

The probe against Schaaf appears to be wider than just one committee. Investigators wrote that Schaaf’s actions with the Measure AA committee are “part of a pattern,” citing two other pending cases where Schaaf’s “personal involvement was deliberately kept behind-the-scenes.” In one of those cases, as The Oaklandside reported Monday, Schaaf allegedly solicited a \$100,000 contribution from Lyft to support a candidate-controlled committee that was used to oppose Councilmember Rebecca Kaplan when she ran for City Council in 2020. The confidential document also references a case involving a committee that helped oust Councilmember Desley Brooks in 2018.

It’s unclear when—or if—the cases will advance to the stage where the former mayor is formally accused of wrongdoing. Investigators could ultimately determine the mayor did nothing wrong and close the cases without taking action.

The ethics commission’s chief enforcement officer, Simon Russell, said he could not speak about pending cases, which are considered confidential.

Schaaf allegedly set up a “shell committee” to help pass the Children’s Initiative

In the case records obtained by The Oaklandside, ethics investigators wrote that Schaaf and her mayoral office staff started planning the Measure AA ballot campaign in 2017. The purpose of the initiative was to raise funds for education-related programs, including the Oakland Promise, a philanthropic initiative launched by Schaaf in 2016 to help pay for college savings and scholarships for local families.

Schaaf suggested her team use the same political consulting firm that worked on her first mayoral campaign, and staff in the mayor's office helped draft a campaign budget, develop fundraising targets, make initial fundraising calls, and assist with other campaign work.

The initiative qualified for the November 2018 ballot after it received enough signatures from registered voters. Schaaf had a general-purpose ballot measure committee set up in her name that could have been used to support this initiative. Instead, investigators claim in the confidential case record, Schaaf asked the officers of a different committee called The Oakland Fund to raise money for the Measure AA campaign.

Ethics investigators allege that Schaaf and her team used The Oakland Fund as a "shell committee." According to the case record, Schaaf arranged for The Oakland Fund to pay the campaign's bills even though it would remain otherwise uninvolved in the day-to-day operations of the campaign. The mayor's team arranged to handle the accounting and other paperwork. The committee also received a large contribution from the East Bay Community Foundation and Kaiser Permanente to pay for the salary of a staffer who left the mayor's office to work for the campaign and who functionally served as the mayor's representative.

According to the case file, the committee's officers—who showed "some initial reluctance" to let their committee become a vehicle for the mayor's initiative—agreed to rename the committee "The Oakland Fund For Measure AA." Schaaf's name appears nowhere in the title or on any campaign finance reports filed by the committee over the following year. One of these committee officers, Susan Montauk, agreed to pay a \$500 penalty earlier this year for failing to disclose the involvement of an elected official.

Schaaf's team also created a public-facing "campaign committee" of five volunteers who were mostly teachers and educators with little to no campaign experience. The committee was supposedly responsible for making strategic campaign decisions. But volunteers told investigators they felt like their group "had no real function within the campaign, other than to approve invoices relating to campaign activities that had already been approved by others."

The PEC investigators wrote that this group was "a rubber-stamp body." A separate "advisory" group consisting of Schaaf and several allies held the real power.

Did Orton and Schaaf violate a rule prohibiting city contractors from giving to candidate-controlled committees?

The case that ethics investigators appear to be building against Orton and Schaaf hinges on a critical question: Did Orton have business pending with the city of Oakland at the time he shelled out money to the Measure AA committee? According to the confidential records, PEC investigators believe he did.

Orton first sought to do business with the city in 2014. In July 2015 the Oakland City Council selected his firm to redevelop the city-owned Henry J. Kaiser Convention Center into a private office center. Negotiations over the project continued until 2019.

During this period, Orton might have been barred from contributing money to committees controlled by elected officials. This prohibition is meant to prevent officials from developing quid pro quo relationships with city contractors. As mayor, Libby Schaaf had substantial influence over the City Administrator's Office, through which developers must secure permits.

Investigators claim that Orton broke the law by giving three contributions worth \$100,000 to the Measure AA committee. Orton was one of the largest individual contributors to the committee in 2018, according to campaign finance reports. The confidential records allege Orton made these contributions at Schaaf's behest, but they don't say if he knew the mayor was in control of the committee. Orton declined to answer questions about this topic, citing litigation.

In addition to his checks, Orton also cohosted a fundraising event for the initiative at his Piedmont home in July 2018 that raised \$225,000, according to an email Schaaf sent to a donor. This email and scores more were obtained by attorney Marleen Sacks through a California Public Records Act request and subsequent lawsuit. Those emails also reveal that Orton and Schaaf discussed logistics for the event—including lining up co-hosts. The fundraiser and emails aren't mentioned in the ethics commission's confidential investigation file we obtained.

After residents voted on Measure AA, the Oakland City Council agreed to give Orton up to \$20 million in tax credits to support the rehabilitation of the Henry J. Kaiser Auditorium. However, in September 2023, Orton Development scrapped its plan to turn the building into an office space, citing high vacancy rates for offices in Oakland. The company is now pursuing a different plan for the historic edifice.

Schaaf allegedly told investigators that she understood the legal obligations around candidate-controlled committees, but she gave them few insights into her thought process in 2017 and 2018.

She said she couldn't remember a critical meeting where the team planned out the campaign. Schaaf told investigators that she was a "matchmaker" who helped connect consultants and funders with two of her staffers who worked on the campaign as "private citizens."

When they drafted a summary of their case, ethics commission investigators wrote that they weren't convinced by the former mayor's explanation.

“Simply put, without Mayor Schaaf’s instigation and direction, The Oakland Fund would not have been the vehicle for the Measure AA campaign,” they wrote in the case summary. Investigators said Schaaf connected the committee with a consultant, helped develop its strategy and budget, provided a staff member from her team to help it operate, and played a major role raising funds.

Investigators said it was irrelevant whether Schaaf’s staffers were working on the campaign as private citizens. According to the document, Schaaf’s team was generally careful to avoid working on the campaign using city resources. What mattered in this case is that those staffers served as representatives for the mayor on the committee, the PEC investigators said.

“In sum, the evidence of Mayor Schaaf’s significant influence over the formation, strategy and activities of the Measure AA campaign and the Oakland Fund is overwhelming,” investigators wrote.