

Libby Schaaf is under investigation for allegedly running a political committee that attacked a rival

 oaklandside.org/2024/06/10/libby-schaaf-ethics-investigation-lyft-rebecca-kaplan

June 10, 2024



Oakland's political watchdog has revealed that it is investigating a second case involving an unnamed elected official who is accused of secretly running a political action committee that illegally raised large sums of money to influence an election.

The first case, which we reported on in March, involves an unnamed city official who allegedly led a committee that raised \$1.8 million to help pass Measure AA, also known as the Oakland Children's Initiative. According to Oakland Public Ethics Commission investigators, this elected official kept their involvement in the committee's work a secret from the public, which ran afoul of a law designed to prevent these kinds of committees from raising money from city contractors. Although the ethics commission has not named the official, referring to them only as "Candidate A," The Oaklandside was able to confirm that the person under investigation is Libby Schaaf.

The second case, recently revealed by the ethics commission when it published an agenda for its June 12 meeting, involves a different political action committee called the Committee for an Affordable East Bay. This group was active in the 2020 election. Investigators allege that the ride-hailing giant Lyft broke city law by giving \$100,000 to the committee. On paper, the committee was run by several housing advocates affiliated with local YIMBY groups. However, investigators believe the committee was secretly controlled by an elected official, whom they refer to only as “Candidate A.” The Public Ethics Commission will decide this week whether Lyft should be ordered to pay a \$50,000 fine because it helped bankroll a committee secretly controlled by Candidate A.

Just like the first case involving the committee that backed Measure AA in 2022, the commission’s investigators wrote in the proposed settlement with Lyft that they are withholding Candidate A’s name due to other pending cases.

The Oaklandside has been able to obtain confidential investigation records that identify Libby Schaaf as the elected official who is accused of secretly controlling both the Measure AA committee and the Committee for an Affordable East Bay. The records describe Schaaf’s actions as “part of a pattern,” indicating there is a third investigation underway in which Schaaf is accused of secretly controlling a committee that helped unseat Councilmember Desley Brooks during the 2018 election.

Schaaf is currently running for California state treasurer. The Public Ethics Commission has not publicly accused her of any wrongdoing.

The Oaklandside attempted to contact Schaaf by phone and left two voicemails. We also emailed Schaaf multiple times, including messages sent to the address listed as the primary point of contact on her state treasurer campaign website. After not hearing from her for over a week, we left a note at her home describing the ethics commission’s investigations and asking her to contact us. Schaaf has not responded to our multiple attempts to interview her.

The ethics commission maintains strict confidentiality about its cases, including about who it is investigating and the exact nature of the allegations. The Oaklandside was able to obtain documents about the commission’s ongoing cases involving Schaaf from another source.

The commission’s chief investigator, Simon Russell, declined to discuss any specifics about the cases and only offered to talk about the commission’s work in general terms.

Lyft is settling the case without admitting wrongdoing

In the Lyft case, investigators say Candidate A personally solicited the \$100,000 contribution from the company but didn’t disclose she was running the committee. At the time of its contribution, Lyft was in talks with city officials about its contract for operating a bike rental service in Oakland.

According to city records, Lyft employees and lobbyists were in discussions with Schaaf's office and the city's Department of Transportation in 2020 about e-bike rental prices, locations for bike rental stations, and how to operate during the early days of the pandemic. The year before, Schaaf announced a partnership with Lyft whereby the company would donate \$700,000 to help Oakland expand transportation options in low-income neighborhoods.

Under the terms of the proposed settlement, Lyft will acknowledge that it gave money to a candidate-controlled committee, but investigators are recommending a penalty of \$50,000—less than the maximum that could be imposed—because the company didn't know the committee was controlled by an elected official.

“At the time the donation was made, Lyft performed due diligence to ensure the proposed contribution complied with all applicable laws and regulations, which included, prior to making the contribution, ensuring the PAC was not candidate controlled,” a Lyft spokesperson told The Oaklandside. “These efforts included obtaining the PAC's registration forms, which declared under penalty of perjury that it was a non-candidate-controlled committee, as well as reviewing other materials expressly stating the PAC was not candidate-controlled.” Lyft did not respond when asked who solicited the contribution.

We reached out to the people listed as officers on the committee's official filings in 2020, including John Minot, Ernest Brown, Victor Flores, Matthew Lewis, Nicolas Nagle, and Jonathan Bair. None of the ones we contacted agreed to an on-the-record interview. None of them is named in the settlement or accused of any wrongdoing.

Bair, who was a special assistant to Libby Schaaf during her time as Oakland mayor, wrote in an email, “I was not a party to the settlement and I have no comment on it.” In 2020, after Lyft made its contribution, Ernest Brown told The Oaklandside he didn't know why the company gave to the committee.

Why a ride-hailing company spent so much money trying to oust Kaplan

Lyft's \$100,000 contribution in 2020 to oppose Kaplan and support her main opponent in the race, Derreck Johnson, made headlines. At the time, it accounted for 90% of the total funds raised by the Committee for an Affordable East Bay, which was set up as an independent expenditure committee. State law lets these kinds of committees raise and spend almost unlimited amounts of money so long as they don't coordinate with any candidate.

At the time of its contribution, Kaplan told The Oaklandside she believed Lyft wanted to unseat her because she didn't support the company's requests to change its contract with the city to operate its rental bike and scooter franchise. She said Lyft successfully pitched a

similar deal in San Francisco that gave the company a monopoly and “horrible pricing.” In 2018, Kaplan also proposed creating a tax on ride-hailing companies like Lyft and Uber. The companies lobbied Oakland officials against the tax, which the council rejected.

When Johnson, a local businessman who founded the Home of Chicken and Waffles restaurant, entered the race against Kaplan four years ago, Schaaf endorsed him and made a maximum \$900 contribution to his campaign committee, according to campaign finance records.

That Schaaf was backing Kaplan’s opponent was no surprise to close political observers. The mayor and at-large councilmember had a frosty relationship. Schaaf beat Kaplan in the 2014 mayor’s race, and the two butted heads over issues while they served alongside each other in Oakland government.

Lyft’s contribution to the Committee for an Affordable East Bay helped pay for \$35,000 in mailers and TV ads that attacked Kaplan. The committee paid for another \$134,600 in ads lauding Derreck Johnson, according to campaign finance records.

Kaplan narrowly won reelection, with 52% of the vote to Johnson’s 48%, after the third-place candidate, Nancy Sidebotham, was eliminated through ranked-choice voting.

Two weeks after the election, Kaplan filed an ethics complaint against the Committee for an Affordable East Bay and another committee, accusing them of a range of election law violations. The ethics commission hasn’t weighed in on the specifics of Kaplan’s complaint.