



## CITY COUNCIL AGENDA REPORT

### City of Anaheim CITY MANAGER'S OFFICE

**DATE:** OCTOBER 25, 2022  
**FROM:** CITY MANAGER'S OFFICE  
**SUBJECT:** INDEPENDENT INVESTIGATION/AUDIT REGARDING  
CAMPAIGN CONTRIBUTIONS INTERIM REPORT #1

**ATTACHMENT (Y/N):** NO **ITEM # 24**

#### **ACTION:**

That the City Council receive an update from retired Judge Clay Smith who is serving as the neutral and administrator of the investigation regarding former Mayor Harry Sidhu's and the City Council's campaign contributions and potentially related contractors and agreements along with an evaluation of staff's involvement, if any, and whether any serial communications/meetings in violation of the Brown Act occurred in the context of the facts alleged in the federal investigation.

#### **DISCUSSION:**

At the October 4 City Council meeting, Council Member Moreno requested an update regarding the independent investigation and audit regarding campaign contributions and city contracts. The following update was provided by the neutral selected by Council on August 9, retired Judge Clay Smith.

Dear Members of the Anaheim City Council:

At your request, I am submitting this Interim Report No. 1 to provide a general overview of the status of the investigation being conducted by JL Group, LLC. As you will appreciate, this report is quite general for two important reasons. First, the investigation is in its early stages. The investigative team is actively gathering information (in the manner described below), but we are certainly not yet able to form any opinions or conclusions. Second, it is critical to preserve the substance of our efforts confidential until the effort is concluded in order to avoid compromising the investigation.

At this point, the efforts of the investigation can be summarized into three categories. First, the investigative team has developed a comprehensive roster of persons who may have relevant information. The team has worked conscientiously to refine this list of potential interviewees to those persons most likely to have meaningful information.

Second, the team is actively working to identify documents which should be analyzed. Of course, there exist an immense number of documents pertaining to the activities of such a large and dynamic city and its officials and staff. Accordingly, the team is working hard to identify and preserve those written materials most germane to our

assignment and to obtain them from on-line sources and from city records. The team has been working closely with City Clerk Theresa Bass to accomplish this task.

Third, the investigative team has begun the process of interviewing persons who potentially have relevant information. The results of these interviews are summarized and circulated among all members of the investigative team and stored in a central repository. As you would expect, these interviews may lead to the identification of additional persons we wish to interview.

In addition to the forgoing specific tasks being undertaken by the investigative team, there are four additional observations I wish to share with the members of the City Council. First, the team is operating in a very methodical and professional manner. The team meets weekly in an all-hands meeting. In these meetings, all relevant information is shared with team members, strategy is developed, and assignments are made. This results in a careful prioritization of assignments and avoids duplication of efforts. Second, the team strives to maintain the highest level of integrity. Great care is being taken to avoid unwarranted conclusions and to ensure that ultimate conclusions are based on demonstrable evidence. Third, the team is rigidly adhering to the scope of the assignment. When the team receives complaints or grievances which are clearly outside the scope of our assignment, such matters are noted but not pursued. Fourth, all members of the team are conscientiously preserving the confidential nature of our effort. No information is allowed to escape the control of team members until the assignment is concluded and our written report is presented to the City Council.

I hope this report will be useful to the City Council and I will be pleased to provide additional interim reports as requested. We appreciate the opportunity to be of service to the City.

Sincerely,

Judge Clay M. Smith (Ret.)

**IMPACT ON BUDGET:**

To date the city has received an invoice from the JL Group for \$128,000 for the period of August – September 2022. The cost of the JL Group is estimated not to exceed \$750,000. To date the city has paid the neutral \$21,525 in fees. The cost of the neutral is estimated at \$100,000.

Respectfully submitted,

Jim Vanderpool  
City Manager