

FINAL REPORT

REFUTATION OF TRUSTEE'S CHARGES

AGAINST

FORMER SIERRA COLLEGE PRESIDENT

MARCH 21, 2006

PLACER COUNTY

GRAND JURY

2005 - 2006

March 21, 2006

This is the Final Report of an investigation by the 2005 – 2006 Placer County Grand Jury of a public complaint filed by a Sierra College Trustee alleging wrongdoing on the part of the former President of the College.

We believe that the results of our investigation are worthy of thoughtful attention by the public and the College community.

Sincerely,

Paul Ridgeway, Foreman
2005 – 2006 Placer County Grand Jury

NOTE TO THE READER

If you are unfamiliar with this matter, you may first wish to read Appendix 1, “The Complaint.” This is the publicly filed charge alleging misconduct by the former Sierra College President. Examining the complaint’s validity is the focus of this investigation.

As this is the only public report of the investigation, by necessity it must present all of the underlying detail. If you do not wish to delve into this detail, you may gain a full grasp of the investigation and its results by reading the following sections only:

- Summary
- Background
- Methodology
- The Basis of the Complaint
- Former President’s Testimony
- Concluding Thoughts
- Findings
- Recommendations

The summary-level reader might also wish to dwell on Appendix 3, “Time Line of Events”, which identifies key dates in order of their occurrence.

The bulk of the investigation is contained in the Narrative section. This material presents the factual basis underlying the Grand Jury’s Findings and Recommendations.

CONTENTS

SECTION	Page
Summary	1
Background	3
Methodology	5
Narrative	
The Basis of the Complaint	7
Follow-up of Complainant's Testimony	10
Sierra College Foundation Donations	12
Review of Campaign Disclosure Law	16
Causes of the Violations	19
A Lack of Due Diligence	21
A More Reasonable Response	25
Former President's Testimony	27
Concluding Thoughts	29
Findings	31
Recommendations	33
Request for Responses	34
Appendix 1: The Complaint	36
Appendix 2: Reference Documents	40
Appendix 3: Time Line of Events	44
Instructions to Respondents	48

SUMMARY

Sierra College had not submitted a bond issue to the public for approval since 1957. Faced with decaying facilities and expanding population, the College developed a master plan resulting in a \$394M bond issue, Measure E, which was presented for public vote in March 2004. The magnitude of the issue, together with significant organized opposition, contributed to its defeat. Later in 2004, two smaller Measures, G (\$44.4M) and H (\$35M), were approved by the voters.

For all three measures, volunteer Committees were formed to advocate their passage, and these Committees had the responsibility, under California campaign law, to file reports identifying donors. Among the donors was the Sierra College Foundation, an auxiliary non-profit corporation formed to support the College in 1973. The Foundation had successfully adopted a provision of the IRS code 501(h), which enables it to donate up to 20% of its annual expenditures for the purpose of supporting College bond issues.

Unfortunately, the Committees and the Foundation failed to report the contributions of some individual donors to the California Fair Political Practices Commission. They were clearly in violation of the law.

In October 2004, College trustee candidate (soon to become Trustee-elect) Aaron Klein (hereinafter referred to as "Complainant") identified that these violations had occurred and conveyed this information to the Sierra College Board Chairman. The Board Chairman requested the lists of individual donors from the Foundation Executive Director and relayed them to Complainant.

Then, based largely on the Board Chairman's account of a conversation overheard months earlier in a men's room and a consultation with a knowledgeable advisor, Complainant concluded that these violations were the result of a conscious money-laundering "scheme" perpetrated by former Sierra College President, Dr. Kevin Ramirez. Almost immediately, and partially as a result of making this allegation public, the Board and the former President came into conflict.

Complainant had intended to present his charges at his first Board meeting on December 15, 2004. However, due to the Board's dispute with the former President, he was unable to do so. He, in fact, believed that the Board was not interested in pursuing his charges. Nearly simultaneously, he reached the conclusion that the accumulated breach between Board and former President was too great, and he publicly announced his advocacy of the former President's departure.

Because of his belief that he would not be heard internally, Complainant elected to file a formal complaint with the Placer County Grand Jury and the County Recorder's Office asserting his charges. (See Appendix 1.) The County Recorder forwarded copies to the Placer County District Attorney, the Fair Political Practices Commission (FPPC), the

State Attorney General, and the Placer County Grand Jury. Only the Grand Jury has acted to date.

Complainant believes that the former Sierra College President orchestrated a “scheme” to solicit funding for the three 2004 bond campaigns from donors while purposefully omitting their names from FPPC filings to avoid public scrutiny, and that he implemented the “scheme” by illegally using the Sierra College Foundation as an intermediary. Complainant alleges that through this process the former President “money laundered” in excess of \$100,000, violated the California Political Reform Act and may have committed acts of misdemeanor or felony under Education Code Section 7054. His testimony, reported herein, fully explains the basis of his belief, and the Grand Jury does not doubt that he believes his allegations.

However, the facts of the case speak in total opposition to the complaint. All donors surveyed gave willing financial support to the bond measures and welcomed any accompanying publicity of their donations. In our investigation, no donors were found who requested anonymity, none who felt pressured or coerced, none who based their decisions on the tax deductibility of their donations and none who expected anything in return other than a thriving College community.

The 2005-2006 Placer County Grand Jury conducted an extensive investigation leading to its Findings and Recommendations. Based on the facts, the Grand Jury makes the following findings (as further detailed in the Findings section):

1. The Foundation could, in fact, operate legally as an intermediary.
2. The Foundation had no intent to suppress donor names.
3. Filing errors were made, but they were due to inexperience, inattention to detail, and confusing underlying documentation.
4. The filing violations were minor and easily correctable.
5. The former President was far removed from the process of making the filings and had no participation in causing the violations.
6. Complainant failed to exert reasonable due diligence before making the complaint. **The complaint is utterly without merit.**
7. Although not the total basis for the former President’s decision to seek a retirement settlement, the complaint was a contributing and unjustified factor.
8. Complainant’s insistence that the Foundation be barred from supporting Sierra College bond measures by donor solicitation as an intermediary is an unfounded opinion.

The Grand Jury presents a set of constructive recommendations at the end of this report. Their goal is to contribute to the College’s progress in moving beyond this troubling time. The Grand Jury believes the public, the College, and the former President deserve resolution rather than leaving unanswered allegations of wrongdoing that never occurred.

BACKGROUND

Sierra College is Placer County's principal post-secondary education institution. It is one of 72 community college districts in the state of California. Its annual budget is approximately \$75M and it employs about 1800 full- and part-time people. Employee expense amounts to about 80% of the budget. It offers a broad range of programs and enrolls approximately 40,000 students in credit and non-credit courses. Its principal campus is in Rocklin with satellite campuses in Roseville, Grass Valley and Truckee.

The College enjoys a significant level of distinction and points with pride to several notable achievements. It has ranked first in California for awarding Associate Degrees, and first in Northern California in transfers to the University of California and California State University where its graduates outperform students enrolled there as freshmen. Its athletic programs ranked first in the nation in 2005, and the Wolverine football team won more than 30 consecutive games over several seasons. In a recent marketing poll, 85% of the surveyed population views Sierra College favorably while only 2% views it unfavorably. Ninety-four per cent have heard of the College and only 6% have not.

As is common in the state, the College founded a tax exempt, auxiliary organization to solicit donations and to promote College programs and objectives. This organization, the Sierra College Foundation, was founded in 1973. Until 2003, the Foundation operated as a lightly funded extension to the College and had only two administrative employees. However, the commitment was then made to retain a full-time Executive Director whose role was to expand the fund raising capability to the levels of other successful foundations throughout the state. In 2004 the Foundation raised \$1.6M and its endowment was \$350,000. The largest single donation achieved by the Foundation to date has been \$750,000 from the Sutter Roseville Medical Center to fund a nursing program.

The former President of the College began his term in 1993 and served for 11 years. During that period, enrollment more than doubled and three new campuses were opened. He was generally well regarded by his staff and the public. However, by the end of 2004 the elected Board had become less favorable toward him, leading to his seeking a retirement settlement in January 2005.

As in any educational institution, the acquisition of funds for facilities, capital equipment and maintenance is a constant issue. California community college districts are funded primarily by the state, but they receive substantially fewer dollars per student than do other levels of state supported educational institutions. For example, in 2002-2003, funding per student at the University of California was \$20,037 and at Sierra College it was \$3,860, which was the College's per student unrestricted funding rate. This ranked well below the state average of \$4,470 and ranked 60 out of 72 community college districts in per student funding.

Since community college districts do not have the ability to assess fees on new developments, accommodating increased population is not well supported by growth. Districts can, however, gain funding for the cost of facilities projects through bond measures. Sierra College had last offered a bond issue in 1957 and found that many of its nearly half-century old facilities were in need of major repair. In addition, it continued to face expansion of its student body commensurate with the forecast growth of the county. Thus, in the 2002-2003 time frame, the College prepared and offered Bond Measure E amounting to \$394 Million. However the measure, which required a 55% approval vote, failed by a total vote of 66,156 (49.4%) to 67,756 (50.6%) in the election of March 2, 2004. Later that year (November 2, 2004), two smaller bond issues, Measures G (\$44.4M) and H (\$35M), were passed.

One of the roles of the Foundation was to solicit donations in support of the election Committees formed to support the three bond measures. These donations were made in the amounts of \$60,000 for Measure E, \$16,450 for Measure G (inclusive of a \$10,000 transfer from Measure E), and \$35,210 for Measure H (inclusive of a \$10,000 transfer from Measure E). In October 2004, Complainant surfaced questions about the legality of these donations and whether or not they had been properly disclosed.

In December 2004, a formal complaint was made by Complainant alleging that the former President had been personally involved in a money laundering “scheme” devised to enable donors to conceal their donations from the public. (See Appendix 1.) The complaint included a variety of other allegations, and it was widely reported by newspapers in the county. Although this complaint was not taken up by the 2004-2005 Placer County Grand Jury, two complaints were made to the 2005-2006 Grand Jury urging us to pick up the investigation and carry it forward.

The 2005-2006 Grand Jury investigation shows five significant reasons to make this final report.

1. As a result of the former President’s retirement and settlement agreement with the College, the public never received closure on the merit of the claims.
2. Even senior members of the College staff still believe that some public agency may ultimately investigate these charges and take action.
3. Since there has been no investigation, the local press continues to report unresolved allegations.
4. We wish to reveal the truth of the matter to the public.
5. We hope to reduce the cloud of suspicion over the College.

METHODOLOGY

The complaint was received by the Grand Jury on December 23, 2004. (For those not familiar with the complaint, refer to Appendix 1.) It was received by the 2004-2005 Placer County Grand Jury, but no investigation was initiated because it had been passed to other authorities. Since none acted, the matter was referred forward to the 2005-2006 Placer County Grand Jury in the form of two derivative complaints which recommended an investigation. Those recommendations were accepted.

The Grand Jury first reviewed the complaint and acquired FPPC and IRS documentation to consider its legal merit. The Assistant County Recorder was interviewed to determine the filing status and history from the perspective of that office. The Recorder's Office provided copies of all filings from the three bond measures as well as the correspondence that had occurred when the filing errors were reported by Complainant. County Counsel was contacted to establish guidelines for the investigation. Other agencies to which the complaint had been forwarded were contacted to determine whether any had taken pre-emptive action. As no such action was revealed, the Grand Jury decided to move forward in greater depth.

An extensive interview process was conducted with those knowledgeable of the facts of the case. These included (in approximately the order they were interviewed):

1. The Sierra College Foundation Executive Director,
2. The past and present Presidents of the Sierra College Foundation Board,
3. The Interim President of Sierra College,
4. The Vice President of Finance and Administration of Sierra College,
5. The Treasurers of the two Placer County bond Measure Committees,
6. Four members of the Sierra College Board of Trustees (including the Complainant and Board Chairman),
7. A sample of business donors to the bond campaigns via the Foundation,
8. The former Business Services Manager of Sierra College,
9. A former Trustee of Sierra College,
10. The bond Measure B (June 2006) Committee Treasurer, and
11. The former President.

Extensive preparation was made for each interview with a typical script of 50 –70 questions plus clarifying and related questions which arose during the interviews. Careful notes of each interview were made totaling over 90 pages in total. The interviews were not recorded. Interviews typically lasted from 90 to 150 minutes. All interviewees were cooperative and forthcoming in their replies.

As each interviewee mentioned applicable documents, copies were requested for study by the Grand Jury. In addition, a file of newspaper articles related to the investigation was collected and studied. Complainant's website was surveyed, and relevant news releases

and commentaries were copied. A complete list of documents utilized in the investigation is provided in Appendix 2.

The investigation was conducted by a lead committee, which reported the status of the investigation biweekly to the Grand Jury's full panel. A draft report, including preliminary findings and recommendations, was prepared. All facts noted in the draft were reviewed for accuracy either by confirming them in applicable documents or by follow-up with interviewees. The resulting final report was reviewed and approved by the Grand Jury's full panel.

THE BASIS OF THE COMPLAINT: COMPLAINANT'S TESTIMONY

The Grand Jury interviewed Complainant on February 8, 2006. He was sworn in and testified under oath. The interview lasted for approximately two and one-half hours. Prior to the interview, the Grand Jury had prepared an extensive set of 70 questions, and related questions were asked for clarification or amplification. Complainant was cooperative and forthcoming in his responses. The Grand Jury has no doubt of the honesty of his replies or of his sincere belief in his position.

Many of the questions were designed to give a full understanding of the basis of his charges, and we believe that was achieved. As objectively as possible, this section of the report gives a discussion of the charges as Complainant believed at the time and he still believed as of the date of his testimony.

He first became aware of the violations on October 24, 2004. He recalls the date clearly because it occurred on his birthday. As a part of his candidacy for College Trustee, he was reviewing the public filings of his campaign opponent and Measures G and H. He was supportive of Measures G and H and wished to know how the campaigns were going.

In his review he noted that Measures G and H had both reported donations from the Sierra College Foundation. As an individual active in party politics and a candidate for public office, he believes himself knowledgeable of political campaign filing requirements. As such, he noted immediately that Measure G and H Committees had failed to report the individual donors who made contributions to the Foundation. He knew that this was a violation of the law. This caused him to review the filing records for Measure E. Similarly he noted that the Foundation had made a \$60,000 donation to the Measure E Committee without disclosing the underlying donors, also a clear violation of the law.

He then discussed this matter with the incoming Sierra College Board Chairman who acknowledged awareness of the donations, but said that he had been advised that the donations were legal. However, the Board Chairman also recalled that he had overheard a conversation in the men's room between the former President and a former Trustee. He recalled that the Trustee had asked the former President how fund raising was going, and the former President replied that the fundraising had been going ok, but some donors were reluctant to be identified.

Complainant knew that soliciting donors by enabling their identities to be concealed is a violation of the Political Reform Act. In response, the Board Chairman contacted the Executive Director of the Sierra College Foundation. She advised him that the Foundation had been given clear legal advice from its attorney and accountant that the donations were legal. She also provided him with listings identifying all of the donors to

the three campaign measures. These were passed to Complainant who attached them to the complaint.

He then contacted a friend who had served as Treasurer on other campaign committees. He described the matter of the Foundation donations to her in general terms, and her reaction was that if the case was as he described, then the Political Reform Act had clearly been violated.

The Board Chairman also contacted a friend in another community college district who confirmed the opinion that donations made as described are not legal. Complainant also asserted awareness of a case in which the FPPC had fined another community college district for a campaign filing violation. He stated that the fine was in the amount of \$30,000 and that the violation was identical to the ones committed by the Committees for Measures E, G, and H. (Note: Follow-up by the Grand Jury showed the fine to be \$4000 for failing to meet deadlines for disclosing a sizeable late contribution and filing a semi-annual campaign statement.)

Complainant then concluded that the former President bore primary guilt for these violations because he is extremely intelligent, he ran the College as if it were a company, and he was knowledgeable of everything occurring at the College. He believed that the former President was in close and frequent contact with the Foundation Executive Director. He also had talked with one of the major donors, who informed him that the former President had personally requested a donation to the campaign and that upon being asked whom to make a check to, the former President had told him to make it payable to the Foundation.

Complainant deduced that the former President was personally and directly involved with a “scheme” to allow donors to hide their identities by making their contributions to the Foundation rather than to the Committees. When asked what motivation individual donors would have to wish to remain anonymous, Complainant’s reply was to the effect that they might want to avoid other solicitations or would not want their names on donor lists. He stated that he did not specifically know of any such donors, and referred again to the bathroom conversation as evidence of a “scheme”.

When he decided to file a formal complaint, he wrote it without legal or other counsel. He made the Board Chairman aware of the complaint and discussed it with him. The Board Chairman, who is an attorney, indicated both positive and negative ramifications of filing such a complaint, but Complainant does not recall whether or not he advised him to file it.

Complainant further testified:

1. He does not believe or possess evidence the donors themselves were part of the “scheme” nor could he name any donors who desired anonymity.
2. He does not believe or have evidence the Sierra College Foundation and its Executive Director were part of the “scheme”.

3. He does not believe or have evidence bond measure Committee members were involved in the “scheme”.
4. He does not believe or have evidence of any *quid pro quo* between Sierra College and any bond measure donors.
5. He is unaware of any weaknesses in College procurement or contract selection procedures, then or now.
6. He possesses no knowledge that the former President used College time, money or resources toward the support of the bond measures nor any specifics of his execution of the alleged “scheme”.

When asked why his complaint included references to some of these matters, Complainant stated that it was so the reader could understand the possible implications of the “scheme”.

When asked if he thought that the former President had personal financial motivations in conceiving the “scheme”, he said he did not, but passing a \$400 M bond measure would have been a significant feather in his cap as a career accomplishment.

Complainant discussed his complaint with no one in the College community other than the Board Chairman and possibly another Trustee. (He did not recall for certain if he had mentioned it to the latter.) He did not confront the former President with his allegations.

Throughout his testimony, Complainant asserted firm understanding and certain knowledge that it was illegal and unethical for the Foundation to have donated directly to the campaign committees, even though he had not personally read FPPC Information Manual D. He also acknowledged that he has no knowledge in detail of the provisions of IRS Regulation 501(h). He indicated his firm opposition to the Foundation ever acting in the role as intermediary again.

Several times in his testimony, Complainant referred to learning as a child from his family that “it never hurts to tell the truth”. The Grand Jury has no doubt Complainant told the truth as he believed it.

FOLLOW-UP OF COMPLAINANT'S TESTIMONY

In his testimony, Complainant referred to the involvement of three other persons: the Board Chairman, with whom he discussed the violations and the complaint; a knowledgeable friend; and the former Board member overheard in the men's room conversation. The Grand Jury conducted follow-up interviews with all three, both to validate Complainant's testimony and to gain increased understanding.

The Board Chairman's memories are in accord with the events reported by Complainant, but with additional detail. He recalled specifically overhearing that the former President had told the former Board Member that donors were being told that they could make their donations via the Foundation thus rendering the donations tax deductible. The Board Chairman also recalls the former President's commenting about the desire of some vendors to avoid identification as donors. He later confronted the former President who replied that everything was on the up-and-up and that there was supporting written legal opinion. The Board Chair requested a copy of that opinion, and upon reviewing it later, he felt that it did not fully justify the former President's assurances. As a Trustee, he continued to be uncomfortable with this process. He also noted that, at the time, he had little personal expertise in campaign finance law, since his own campaign for Trustee had not involved a substantial budget.

When Complainant brought his concerns to the Board Chairman, he advised Complainant that he had been assured the process was legal. Complainant's reply was to the effect that it was certainly not legal if money was being laundered from donors to the campaign via the Foundation. The Board Chairman followed up with a call to the County Recorder's office, which offered no definitive guidance except to say there could be an issue if donors were not identified. He also contacted the former President again, and in response, the Sierra Foundation Executive Director contacted the Board Chairman. She also assured him the process was legal per advice of counsel, and in addition forwarded the donor lists to him as evidence donor identities were not being hidden. The Board Chairman emphasized his own primary concern was the tax evasion question, but also he was uncomfortable with the process as described to him.

The Board Chairman also verified he had discussed the advisability of filing the complaint with Complainant beforehand. Their initial conversation was in advance of the November 2004 election, and the Board Chairman advised Complainant that a public complaint could damage the fund raising prospects for passing Measures G and H and in addition could reduce support for the bonds. He expressed his personal preference for handling the matter as a personnel issue after the election. Subsequently, after Complainant's election as Trustee, they discussed the matter again. The Board Chairman recalls he was concerned about the damage the complaint could do to the College and also his own preference remained to handle the matter as an internal personnel issue. He

advised Complainant as such. He did not specifically advise Complainant against filing, but recalls he would not have done so himself. Regarding the significance of the complaint in the former President's departure, the Board Chairman recalls it as perhaps the last straw, but not the only straw.

In the aftermath of the complaint filing, the Board Chairman initiated contact with the Placer County District Attorney's office to assess their intended response. He was told that a response would be unlikely due to a lack of internal expertise and an orientation to leave cases of this type to the FPPC. The District Attorney's office advised him a Grand Jury response, if any, was unlikely to occur in the short term.

The knowledgeable friend to whom Complainant turned, to validate his opinion violations had occurred, also confirmed his testimony. She is expert in campaign filing law having been self-employed as a professional campaign accountant for nine years and serving approximately 150 clients. She recalls the conversation with Complainant clearly. Complainant contacted her in October 2004, asking about the filing rules involving intermediaries, but without disclosing the organization in question was the Sierra College Foundation. She advised him whoever receives the donation needs to identify the donor on the campaign report, but she recalls this was purely a generic response, as she had no details of the case in question.

The former Board member, who was overheard in conversation with the former President, has no memory of the event. He could not recall ever discussing donors and donations with the former President, either in the context of a men's room environment or any other. He believes that had any impropriety been suggested, he would have recalled and acted upon it.

SIERRA COLLEGE FOUNDATION DONATIONS

Bond measures for education do not appear on ballots overnight. The process requires careful planning and development, involving much expertise and many disciplines. Among them is developing strategies for presenting the case to the public that an investment in education is warranted. Community colleges and their employees are prohibited by state law from directly advocating passage of bond measures on college facilities or on college time. However, the law also recognizes that bond advocacy must be permitted.

One tool available to Sierra College in this regard is the Sierra College Foundation, which exists to encourage public support of the College by soliciting donations to supplement public funding. Long before Measure E was placed on the ballot in 2004, the College recognized that the Foundation could legally be used as the focal point for gathering donations in support of bond measures.

The Foundation operates as a tax-exempt corporation under the provisions of IRS code 501(c)(3). This tax law governs the extent to which donations may be used in support of political activity. One way to clarify the allowable amount of such donations is for a 501(c)(3) corporation to choose what is known as the 501(h) election. The 501(h) election may be applied for by any 501(c)(3) corporation, and it permits up to 20% of total annual expenditures to be allocated for political activity. Donations may be solicited and allocated specifically for political purposes.

The 501(h) election process in the Foundation was underway in 2002. Early in 2002, an e-mail was sent to the former President from Larry Toy, the President of the Foundation for California Community Colleges, which suggested the use of the Foundation as a means to help fund college bond issues. At about the same time, the College VP of Finance and Administration was gathering information on the same subject. A memo from Gilbert Associates, Inc, outlined the advantages and disadvantages of adding the 501(h) designation for the Sierra College Foundation, whose mission is *“to give the members of our community the opportunity to assist and invest in the development of quality educational opportunities for all”*. Chief among the advantages was the ability of the Foundation to contribute to bond campaigns.

In October 2002 a memo was sent to the Sierra College “Team” from Lori Raineri of Government Financial Strategies, Inc. Sierra College was employing her as a consultant with expertise in preparing bond measures. In her memo she noted:

“I think we should set up the accounting procedures with Gilbert and Associates now to make sure we’ve properly made the 501(h) election, and then to determine periodically how much can be contributed by the Foundation to a bond measure campaign account. This will allow for a clear distinction between the general expenditures of the Foundation and those that are expenditures to influence legislation as defined by the Internal Revenue Code.”

The Foundation's decision to adopt the 501(h) status is documented in the Foundation Board Minutes of January 13, 2003, Agenda Item IV.B:

"The Sierra College District is engaged in a campaign to pass a bond for Capital Improvements for the Sierra College Campuses to appear on the November 2004 ballot. [Note: The measure was later moved forward to March 2004 as Measure E.] It was recommended that the Board of Directors approve the election of an (h) designation for our 501(c)(3) status to allow the Foundation to engage in campaign activities to support this effort. Adding this designation to our current status allows the Foundation to allocate up to 20% of total expenditures toward legislative activities. Howard Rudd moved and Dale Wagerman seconded a motion to approve the (h) designation to our status and it was unanimously approved."

Later in 2003, the Foundation Board formally endorsed the bond measure and financial support for it. The Foundation Minutes of October 13, 2003 report Agenda Item III.C, "Foundation Support of March, 04 Bond Measure":

"Dick (Marasso) asked the board to approve the endorsement of the Sierra College Bond Measure to appear on the March 2 ballot and allow financial support for its passage in an amount up to the maximum allowable by law (501h). Dave Ferrari motioned to approve, Michelle Kalina seconded and it was unanimously approved."

The Foundation Board further acted in early 2004. In the Board Minutes of January 26, 2004 report Agenda Item III.B "Amendment to the Articles of Incorporation":

"Richard Marasso reviewed the need to amend the Foundation's Articles of Incorporation 501(c)(3) status to include an allowance for the recently added 501(h) provision. This allows the Foundation to support Measure E on the March 2, 2004 ballot and future bond campaigns. IRS form 5768 will be filed with the State and Federal agencies to reflect this amendment. Michelle Kalina motioned to approve, Jill Simuro seconded the motion and it was unanimously approved."

The specific donation in support of Measure E was also approved at the January 26, 2004 meeting as shown in Foundation Board Minutes of January 26, 2004 report Agenda Item III.D: "Transfer of Funds from Special Account in Accordance with the 501(h) Allowance":

"Following a review of the wording of the Articles of Incorporation Section III, subsection (b) amendment. The motion to transfer \$60,000 from the special account to Friends of Sierra College for appropriate campaign activities in support of Measure E. Ned Cohen motioned, seconded by Dale Wagerman; after sufficient discussion it was unanimously approved."

An attachment to that agenda, provided by Teresa Ryland, a CPA who advised the Foundation, included a lengthy statement which, in part, said:

"The role of the Foundation with the 501(h) status is to provide a mechanism for politically motivated donors to give more to the Foundation, preserving their full tax-deductible contribution and allowing the Foundation to contribute additional resources to the bond campaign."

The same process was followed by the Foundation in authorizing donations in support of Measures G and H as shown in Foundation Board Minutes of October 11, 2004 report Agenda Item IV.B, "Transfer of Funds to Measure G & H":

"It is recommended that the Foundation support the Sierra College bond measures G and H which will appear on November Ballot 2004, allowing financial support up to the maximum amount allowable by law (501H), approximately \$60,000. The funds were specifically donated by supporters of these measures. Ned Cohen moved to approve this item. Michelle Kalina seconded and it was approved."

This agenda also included the attachment detailed as part of the January 26, 2004 Foundation Board Minutes.

This sequence of events clearly shows the careful, lengthy and open process that preceded the Foundation's involvement as an intermediary organization in support of the bond measures. The Foundation had also verified that other community College districts utilize their auxiliary organizations in this way, including East Los Angeles College Foundation, Merced College Foundation, Ventura College Foundation, and Cabrillo College Foundation.

The other crucial issue concerning the Foundation's role in the complaint is whether it sought to hide donor identities from the public. The overwhelming evidence is that it did not.

The Grand Jury found documentation showing that the Foundation's Measure E donor list was widely known. Donors' names and gifts were therefore not suppressed and were, in fact, available to the Committee for Bond Measure E preceding its FPPC filing as shown by the following:

1. On January 22, 2004, an extensive donor list, which had originated from the Foundation's Executive Director, was recirculated by a member of Committee for Measure E under the title "Campaign Contribution Update" to a distribution of persons. It detailed dates, donors' names and contribution amounts given to the Foundation in support of bond Measure E.
2. On January 26, 2004, the Foundation Board authorized the transfer of \$60,000 to the Committee for Measure E. (See documentation above: Foundation Board Minutes of January 26, 2004 report Agenda Item III.D, "Transfer of Funds from Special Account in Accordance with the 501(h) Allowance".)
3. On February 18, 2004 FPPC Form 460 was filed by the Committee for Measure E Treasurer showing the \$60,000 Foundation donation *without* donor detail.
4. In response to wide publicity surrounding the issue, on November 16, 2004, FPPC Form 460 for amended filing for Committee for Measure E was made showing the detail of donors behind the \$60,000.

The Grand Jury obtained e-mails from the Foundation Executive Director, which she sent as donor updates to Committees for Measures G and H members on September 8, 15, 17, 20 and October 14. These communications also detailed donation names and amounts. And yet, the Committee for Measure G made multiple FPPC filings beginning on October 7 containing Foundation donations but omitting the underlying donors' names. As well, the October 21, 2004 FPPC Form 460 Measure H filing of the Foundation's \$25,210 contribution contained no donor detail. But, ultimately, the Committee for Bond Measure H made its amended filing on March 22, 2005 disclosing donor details.

In summary, use of the Foundation as an intermediary had been long-studied and was approved by the Foundation Board as a mechanism to allow a jump-start to bond campaign solicitations, to induce higher donations via an allowable tax deduction and to effectively employ the donor solicitation skills of the Foundation's Executive Director. All the decisions required to define the Sierra College Foundation as an intermediary were made openly and with due diligence.

In response to Complainant's publicly reported allegations that the former President granted donors anonymity, one significant contributor, responsible for the single largest business donation to the Foundation for Measure E, wrote a letter to the Foundation's Executive Director which stated:

"I'm writing as a point of clarification in response to recent media surrounding campaign donations for E, G and H bond measures." "All (our) reported donations are fundraised dollars from a diversity of architects and engineers, all of whom requested public recognition for financial support and disclosed such. Attached are copies of letters that were submitted with the donations, which disclose all parties participating with us in this effort." "When making our donations, we were directed to use Sierra College Foundation as the mechanism for submitting these funds. Never have there occurred any conversations with anyone regarding not disclosing names nor am I aware of any misleading. We are proud to have raised these amounts and publicly offered our support."..... "I'm honored to have been in support of these campaigns."

When interviewed, this corporate donor additionally testified "This was the most above board operation I've seen."

Finally, careful records of campaign donors to the Foundation were kept, and there was no attempt to hide the donations from anyone. Moreover, donors' names were listed on the Foundation's website. Many individuals were involved and aware that donations were being solicited specifically for the Bond Measures. Clearly there was a flow of donors' names to the Committees in advance of each of the significant filings. However, those donors' names were not disclosed in the earliest filings by the Committees as required by California campaign disclosure law.

REVIEW OF CAMPAIGN DISCLOSURE LAW

Donations to political campaigns, including bond measures, are required to be disclosed to the public in accordance with the Political Reform Act, adopted by voter initiative in 1974. The Act requires that campaign disclosure reports identify contributors and the amounts they give.

Requirements for disclosure for bond measures are defined in the 1995/1996 FPPC Information Manual D and the 2004 Addendum. Manual D is an 86-page document and the Addendum is a 19-page document.

Bond campaign finances are managed by committees formed in support or opposition to a given measure. A committee is defined as any person or combination of persons who directly or indirectly receives contributions that total \$1,000 or more or makes expenditures of \$1,000 or more in a calendar year. Each committee includes a treasurer who is responsible for filing and signing required disclosure forms.

In the cases of Measures E, G, and H, committees were formed and treasurers named.

Of particular relevance to the complaint is that the Sierra College Foundation falls under the definitions of a “person” and as an “Intermediary”. An organization is an intermediary if the recipient of the contribution would consider the organization to be the contributor without disclosure of the true source of the contribution. (Manual D, p. 6).

In the cases of Measures E, G, and H, the Sierra College Foundation made contributions to the corresponding Committees in the amounts of \$60,000, \$16,450, and \$35,210, respectively, and thus was contributing as an intermediary.

When intermediaries make donations, then corresponding disclosure obligations ensue (as explained on p. 57 of Manual D (Intermediaries)). The intermediary must disclose to the committee the true source of the contribution, and if the contribution amounts to more than \$100 during a calendar year, then the committee must disclose both the contributor and the intermediary.

Also, if an intermediary donates more than \$10,000 in a calendar year, then it becomes classified as a “Major Contributor” and must then file independent campaign disclosure statements.

Note in particular that the law does not prohibit intermediaries from receiving donations nor does it apply any prejudice against this practice. It simply requires that there be full disclosure by both committee and intermediary.

In the cases of Measures E, G, and H these disclosure laws were not obeyed. Each involved contributions in excess of \$10,000, the Committees reported them as donations without identifying the underlying donors, and the Foundation did not file separate campaign reports.

The Political Reform Act places substantial responsibility for adherence to these laws on the committee treasurers. In particular, “committee treasurers are required to notify contributors from whom they have received contributions totaling \$5,000 or more in a calendar year that such contributors must file campaign statements if the \$10,000 threshold is met. Committee treasurers must keep a record of notices they send to individuals or entities that have contributed \$5,000 or more.” (Manual D, p. 57) Manual D also recognizes that the duty of committee treasurers to inform major contributors of their filing requirements is necessary because “*these contributors are often unaware of their filing obligations and that they may be subject to penalties and fines if they do not file.*” (Manual D, p70)

In the case of Measures E, G, and H, these requirements were not met by any of the Committee Treasurers and in consequence, the Foundation failed to recognize its own reporting obligations.

The law focuses general responsibility for adherence on the committee treasurers. “Committee treasurers are required to sign campaign statements under penalty of perjury. Treasurers are legally responsible for the accuracy and completeness of campaign statements. No person should assume the treasurer’s position and duties as a mere figurehead.” Also, “committee treasurers musttake necessary steps to ensure that all of the Act’s requirements are met regarding receipt, expenditure, and reporting of campaign funds.”

In the case of Measures E, G, and H, these responsibilities and cautions were not met.

In consequence of these failures, the Committees for Measures E, G, and H came in violation of the “money laundering” provisions of Proposition 34 passed in November, 2000. As specified under the paragraph titled “Receipt of Laundered Campaign Funds”:
“If a committee receives contributions through an intermediary and the required information about the true source of the funds is not properly disclosed, the committee must pay the funds to the State General Fund. Local candidates and committees may be required under local rules to pay laundered funds to the general fund of the local jurisdiction.” (2004 Addendum, p.4)

Thus, in the case of Measures E, G, and H, the Committees had in fact committed “money laundering” and were at substantial risk for so doing.

However, there were two potential saving graces. First, in order for these violations to be criminal misdemeanors, they must have been “knowing or willful” (2004 Addendum, p. 15). Also, there is no time limitation on the filing of amended returns (Manual D, p. 38).

Thus, in the cases of Measures E, G, and H, assuming that none of the Committee Treasurers had knowingly or willfully violated the disclosure requirements (the Grand Jury found no evidence of willful violation), all that was required to remedy the error was to file amended returns before the FPPC investigated the matter and imposed penalties.

CAUSES OF THE VIOLATIONS

In pursuing passage of Measures E, G, and H, the College recognized that it needed to retain outside expertise to guide it through the process of forming election committees for public advocacy of the Bond measures. For example, in the case of Measure H, it retained the Streamline Consulting Group of Truckee, which assisted in the official formation of the Tahoe Truckee Friends of Sierra College – Committee for Measure H, with state identification number 1269143. This identification number was prerequisite to opening a bank account for the accumulation of donations and disbursement of campaign expenditures. The Sierra Consulting Group entered into a contract with the Committee with a total budget of \$55,750, which provided for mailings, print advertising, radio advertising, and a “community event” to develop voter support for the Measure. Among the responsibilities in its statement of work was to “manage and pay out all expenses working with treasurer” and to “create Friends of Sierra College Truckee Tahoe Fund to funnel all funds through.” In meeting this responsibility, the consultant obtained the volunteer services of an individual to serve as Committee Treasurer.

After reviewing the requirements of FPPC Information Manual D and recognizing the central role that it assigns to committee treasurers, the Grand Jury interviewed the primary Committee Treasurer for each of the two Placer County bond measures (E and H). Both presented similar pictures. Each was requested to serve as a peripheral job duty, and neither had great interest in the bond measures or the Committee Treasurer’s job. They were not active in Committee work, and were not aware of Committee membership rosters. They were selected primarily because they were CPAs, and thus had the requisite training in receiving and distributing funds from campaign bank accounts. They could be counted on to maintain proper records for accounting purposes. Neither had prior experience with the requirements of FPPC filings. Both relied on the brief correspondence they received from the Political Reform Division of the State and the County Recorder to understand what forms had to be filed and when. They both saw the completion of the forms as totally routine tasks. One of them had never heard of FPPC Information Manual D. Neither of them considered that they were required to look behind the Foundation’s donations for specific donors. In fact, neither of them received the donor lists that had been forwarded to other Committee members from the Foundation’s Executive Director.

As discussed previously, the Treasurer had the key responsibility to notify any “intermediary” of its filing obligations. Neither Treasurer was aware of that and neither did it. One was unfamiliar with the term “intermediary” as applied to campaign law. Neither had the slightest clue, either from their own experiences or from the instructions provided to them, that in assuming the role of treasurer and by failing to identify the donors underlying the contributions from intermediaries, they could be committing a crime and exposing the former College President to personal charges of “money laundering”. The only punitive caution that the Grand Jury found in documentation

supplied to the Committee Treasurers was that “if you miss the filing deadline, Government Code imposes a fine of \$10 a day for every day the form is overdue”. In response, the Committee Treasurers were careful to submit disclosure forms on time.

In summary, the Bond Measure Committee Treasurers who filed the FPPC reports did so with little direction and with a meager, untrained understanding of the FPPC filing requirements. Since neither had read FPPC Information Manual D, they were unaware of its caution that Committee treasurers not take on the job lightly. Although donors names were regularly shared by the Foundation with Bond Measure Committee members, the Committee Treasurers had no awareness of those names or that they were to file them. Nor were Committee Treasurers aware of their duty to notify the Foundation that it had filing requirements as an Intermediary. Even the Placer County Clerk Recorder’s Office stated in its Grand Jury interview that it knew of no requirement to file by the Foundation.

Thus the chain of command leading to the violations is completely clear. The College and the Foundation, having no bond measure experience, depended upon outside consultants to guide them through the campaign process. The consultants recruited volunteers to serve in the key role of campaign treasurer. The treasurers saw their assignments as routine control of flow of funds accompanied by filing of disclosure forms with the state. They depended on the correspondence sent by the state and county identifying the forms to be filed. No one had any experience or warning that they might be violating the law. And of course, and most relevant to this report, the former President was far removed from any of it.

A LACK OF DUE DILIGENCE

We concluded that Complainant told the truth as he believed it, but he exercised little due diligence. As a result, the truth he told was unfounded and his complaint exercised several public agencies, inflicted damage on a senior public employee, demoralized the Sierra College community, and risked the reputation of Sierra College.

Complainant testified that he is unaware that his actions may have been damaging to the College community. Others are not. The Foundation's Executive Director testified that for an extended period following the allegations against the former President, donation levels fell and one donor withheld his significant contribution until "the College gets its act together". Enrollment fell well below projections for a time. The campus joke, according to one interviewee, was that "Every time an article about Sierra College hits a local paper, American River College opens another class". The College continues to search for a permanent replacement for the former President. Some interviewees speculated that the difficulty in locating a qualified candidate is increased because of the record of how the former President was treated by the Sierra College Board in contrast to his extraordinary reputation throughout the state as a respected administrator. The emotional toll on the College community remains significant. Four senior staff members came to tears during their Grand Jury interviews in recalling the events of late 2004. These matters are all subjective, but they are also significant and cannot be lightly dismissed.

Had Complainant exercised more diligence before filing his complaint, he might have done some of the following, all of which were readily accessible to him. They were in fact done by the Grand Jury in its investigation. As he testified, he did none of them.

1. He could have reviewed his charges with the County Recorder. He would have learned:

- a. The Placer County Recorder prefers to support rather than punish and with its backing, he could have helped file amended returns to protect both the College and the Foundation from public criticism, possible litigation, and fines.
- b. Its records showed no violations or problems. (Even a senior member of the Recorder's staff believed that the Foundation had no obligation to file anything.)
- c. It has no investigative authority, so it could not have pursued his claim in any event.

2. He could have more fully understood the Sierra College organization. He would have learned:

- a. The former President was not the Foundation Executive Director's supervisor and thus could not orchestrate her activities.

- b. The College was fully informed about donation activity from the Foundation, if only from their Board Minutes. In fact, several College Trustees were also members of the Foundation Board.
- c. The Foundation Board had approved the transfers to the Bond Measure Committees in complete accordance with the law.
- d. Many people had some knowledge of the Foundation's campaign donations including the Foundation Board (about 25 people), the College Board (7 people), the Foundation staff (3 people), the bond measure Committees (several tens of people), the College administrative staff (more than 50 people), various consultants and experts including attorneys, accountants, and campaign advisors (several tens of people), and the donors (nearly 100 people).

Thus, the notion that the former President was positioned to implement a "scheme" of clandestine donation manipulation is absurd.

3. He could have consulted an attorney. He would have learned:

- a. By filing a complaint, he opened himself, the College and the Foundation to liability.
- b. A complaint with so many unsubstantiated allegations submitted to a Grand Jury might result in unforeseen and undesirable consequences both to himself and to the College.
- c. His complaint might offer grounds in a wrongful discharge suit by the former President, which could prove costly either through increased contract settlement or claims for damages.

4. He might have met with the Sierra College Foundation Executive Director and the Past and Present Presidents of the Foundation Board. He would have learned:

- a. The Foundation had executed an extensive approval process in filing for the 501(h) status.
- b. The matter had been carefully accomplished by the Foundation's attorney and accountant supported by the College's VP of Finance and Administration.
- c. The Foundation had documentation establishing allowable levels of donations to the bond Measures, and it had conservatively chosen donations below allowable limits.
- d. All donations had been approved in writing by the Foundation's Board, which operates at arm's length from the College.
- e. The Foundation Board includes Trustee members from the College Board as well as the President, so that the College Board, in fact, was aware of Foundation donation activity.
- f. The Foundation Executive Director had regularly notified the Committees of the donor names and contributions, and therefore was not suppressing donor names.
- g. There was, indeed, a failure in the process which was that the Executive Director was unaware campaign finance law required so-called "pass-

through” donations be filed with the FPPC both by the bond measure Committee and the Foundation as an “intermediary”.

- h. Upon learning of this requirement from the Recorder, the Foundation immediately referred the matter to its attorney who advised the Foundation and the Recorder’s Office that the errors had been technical and inadvertent.
- i. According to the Executive Director, the former President was not actively involved in any of the details of receiving donations or making filings.
- j. The detailed donor accounting, which he considered a smoking gun evidencing wrongdoing, to the contrary, was meticulous bookkeeping. As outlined by the Foundation’s advisors, this ensured proper reporting to the IRS, and ensured the monies went to the Measures as the donors intended.

5. He might have discussed the matter with senior members of the College staff.

He would have learned:

- a. The VP of Finance and numerous staff members, architects, planners and advisors were intimately involved with the planning process leading to the bond measures.
- b. The VP of Finance regarded himself as personally responsible for the planning and conduct of the bond campaign and felt the complaint to be a personal attack on his integrity.
- c. All College staff and faculty were made aware by the former President’s office of the legal limitations on political activity in planning and advocating the bond measures.
- d. No one knew of any instance in which either the former President or anyone else had acted with even the slightest hint of impropriety.

6. He might have asked donors if they had been improperly solicited or motivated. He would have learned:

- a. They are community members who find value in Sierra College and that many donated without being asked.
- b. They had no idea why they would object to being identified as donors.
- c. They were incensed that anyone would imagine that they were seeking quid pro quo.
- d. Most could not remember to whom they made their checks payable, and most, having accountants to prepare their returns, did not know or care whether the donations had been claimed as tax deductions.
- e. None offered even the slightest suggestion that they were pressured to donate. In fact, they said that if they had been, there would have been no donation made.

7. He could have examined campaign law more carefully. He could have read FPPC Information Manual D and its applicable addendum. He would have learned:

- a. Pass-through donations are perfectly legal provided the underlying donors are reported.
- b. FPPC law clearly establishes the Committee Treasurer as the party primarily responsible for ensuring filings are complete and timely.
- c. Thus, the target of the law would be the Committee Treasurers, not the former President.
- d. State law establishes no deadlines for the filing of amendments, offering an avenue of protection for any inadvertent mistakes.
- e. Some amended filings had been made at the time of his complaint, making his complaint moot.

Although Complainant has some knowledge of campaign law, it is considerably less than complete. For example, he acknowledges being unaware of the details of the 501(h) election, that he has not read FPPC Information Manual D nor its most recent addendum and that he believes that pass-through donations are not legal. In that respect he is wrong, as the law clearly allows them provided that the intermediary organization (in this case the Foundation) files its own report of the matter and that the election committee also reports the donation. Thus, Complainant did not verify that the violation still existed; he did not charge the properly responsible individuals; and he was wrong in believing that pass-through donations are always illegal.

Since there was no coordination of effort or coercion (or even any need) to suppress donor information, it is impossible to find a “scheme” at all. In addition, not a single fact could be found to support the allegations of “money laundering”, intentional violations of the California Political Reform Act, or violations of the Education Code.

So the truth as Complainant believed in making his complaint is at wide variance with the truth revealed by the Grand Jury’s investigation. As noted earlier, he learned as a child that “it never hurts to tell the truth”. But there is more to truth than the superficial evaluation of unverified statements. The following quote is also worth contemplating in that regard.

“ ‘Learn what is true in order to do what is right’ is the summing up of the whole duty of man.” (Thomas Huxley)

A MORE REASONABLE RESPONSE

Since the Grand Jury has suggested that filing a formal complaint against the former President was a poor response to the filing errors, perhaps we should make a suggestion as to what might have been better.

Upon recognizing the issue, Complainant did the correct thing in alerting the Sierra College Board Chairman. In discussing it, they might have realized that the two immediate requirements were to correct the legal error and to protect the College from liability and penalties. They might have mentioned that identifying who was at fault, if anyone, should come later.

Then the Board Chairman did a reasonable thing in meeting with the Foundation's Executive Director to understand more. He might have directed her to work within the College structure to solve the problem and to keep him informed. He might have also informed the former President that there was a problem, requested the former President to become involved, assist in solving the problem, and keep him informed. The former President might then have informed the VP of Finance and Administration, who was the manager responsible directly for the College's financial links to the Foundation. He might have met with both the VP of Finance and the Foundation's Executive Director to be briefed on the problem and to assist in determining a course of action. The Foundation Executive Director might have also informed the Foundation Board President of the problem and listened to his advice.

By this point, the matter would have been strictly an operational one, requiring the Sierra College Board to be kept informed, but otherwise needing no Board action.

The VP of Finance and the Foundation Executive Director could then have sought legal advice, prepared amended filings for both the Committees and the Foundation as quickly as practicable. They could have informed the Recorder's Office and possibly the FPPC that inadvertent errors had been made. Had the public become aware, a statement could have been released indicating that the problem was recognized and was in process of being resolved. The immediate problem would then have been solved, and the Sierra College Board and the former President could have been informed by staff personnel that the matter was relatively mundane and had been handled.

The former President and/or the VP of Finance might have also realized that the College needed to understand exactly what had happened in order to prevent a recurrence. They might have commissioned a small task group to do what the Grand Jury has done in interviewing Committee Treasurers, campaign advisors, and an attorney to prepare a lessons-learned document. We believe that the conclusions of such a group would be similar or identical to the ones reached in this report.

Altogether, the filing errors should have been a small, almost routine, matter in managing a complex organization and dealing with its day-to-day problems. Rather it was extended far out of proportion by filing a formal, public complaint. According to the testimony of the Complainant, it became 20% of the total weight of his overall allegations against the former President. It was, in fact, of no consequence whatsoever, and certainly not part of a bill of particulars against a President with eleven years tenure.

THE FORMER PRESIDENT'S TESTIMONY

As the final step in its investigation, the Grand Jury interviewed the former President on March 10, 2006. As was Complainant, the former President was sworn in and testified under oath. The questioning was focused on his knowledge of campaign filing law and his role in fundraising for Measures E, G, and H. His testimony was completely consistent with the facts of our investigation, and the Grand Jury has no doubt of the honesty of his replies, much the same as we did not doubt the honesty of Complainant's testimony.

The former President is not very knowledgeable of campaign finance law. He is unaware of FPPC Information Manual D, and has no idea of the meaning of the term "intermediary" in the context of Foundation donations. He knows filings have to be made, but does not know the responsibility falls to the committee treasurers. He could not recall the names of any of the committee treasurers for Measures E, G, and H. He did not recall by name the "501 (h)" designation, although he was aware of an extensive effort undertaken by the College VP of Finance to validate it. He felt on firm ground in the belief the Foundation could solicit donations for the benefit of the bond issues.

He recalls being very active in soliciting donations, especially for Measure E. He believes he gave perhaps 40 briefings to groups of prospective donors asking each group to donate in support of the College. He asserts that on no occasion did any donor seek to have his identity hidden nor did he suggest to any that it might be possible to do so. He recalls, to the contrary, that they wished to be recognized. He thinks donations made to the election committees via the Foundation might have been tax deductible, but he emphasized he is not a tax consultant and advised donors to consult their accountants. He does not recall the amounts donated to each campaign by the Foundation, but he knows there were 501(h) guidelines which were followed.

With respect to the men's room conversation so decisive in Complainant's subsequent actions, the former President has no memory that such a conversation ever occurred. He recalls that the former Trustee, who allegedly was the other participant in that conversation, was very supportive of Measure E, and they might have exchanged informal remarks from time to time, perhaps even in a men's room.

So how, at the end of our investigation, can we reconcile that both Complainant and former President testified truthfully?

While there may be many possible scenarios for the reported conversation, the Grand Jury finds the following to be altogether plausible.

The former President perhaps mentioned in response to the former Trustee's inquiry at the restroom sink, "fundraising is going ok, but *donors are tough to identify*". The Board Chairman, overhearing, might plausibly have heard this as

“donors don’t want to be identified.” Then when Complainant learned of it from the Board Chairman while discussing the filing violations, Complainant concluded (as he testified) that the former President was at the heart of a “scheme” to “money-launder”. Since Complainant did almost nothing to test his hypothesis through due diligence, he proceeded to file his charges with the County Recorder and to publicize his act through his website and the media.

And so it seems, that is all there was to it. There was no more.

CONCLUDING THOUGHTS

On February 6, 2006, fifteen months after the charges were filed and thirteen months after his retirement, the former President returned to the Sierra College campus for the first time. The occasion was his induction into the College's athletic Hall of Fame. Within its coverage of the celebration, a local newspaper reported:

“Klein filed a complaint alleging Ramirez illegally filtered money through the Sierra College Foundation to fund bond measures.”

The report did not say when the allegations had been made, that they had never been proven, that they had been denied, or that they had nothing whatever to do with the event.

Because these allegations clearly remain unaddressed and current, the Grand Jury has decided to take its role as public watchdog seriously and to speak. Failing to report the results of our investigation would be a disservice to the public and the College community.

Unfortunately, Complainant in this investigation is a prominent figure in Placer County partisan politics. He chose to make one of his first acts as an elected official to file charges against a College employee. In the termination settlement with the former President, he and the Sierra College Board agreed to be forever silent.

It is an unfortunate coincidence that this investigation has been conducted in an election year. We state in no uncertain terms that we have no motivation or interest in altering the course of any election and no one should interpret this report as favoring or opposing any person or proposition. However, an informed public deserves to know what we have learned. The occurrence of an election nearby in time was not in any way the cause of this investigation, but a coincidental and independent event. (See Appendix 3: Time Line of Events.)

Since this Grand Jury, by law, may not speak again on this subject, we state that this investigation has been conducted with the utmost sense of responsibility and integrity. We began our inquiry with open minds and have proceeded entirely in that spirit. We believe the evidence supporting our Findings is overwhelming.

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FINDINGS

Based on the facts of its investigation, the Placer County Grand Jury makes the following findings in this case.

1. The Sierra College Foundation could legally operate as an intermediary organization funding the bond measures as defined in the FPPC Information Manual D, as advised by Gilbert & Associates, Government Financial Strategies Inc., Dr. Larry Toy (President/CEO Foundation for California Community Colleges) and without objection from the College District's legal counsel, Marion Cantor.
2. The Foundation had no intent to suppress donor names as evidenced by its willingness to supply accounting records, the display of donor names on its websites, donor list notifications to the bond measure Committees, and supported by the testimony of all donors surveyed.
3. Filing errors for Measures E, G, and H were made due to inexperience, inattention to detail and confusing underlying documentation.
 - a. The donors' names should have been itemized in an FPPC filing by the Foundation as an Intermediary.
 - b. The Committee Treasurers failed to notify the Foundation of its FPPC filing requirements due to their inexperience and lack of formal training in FPPC filing requirements.
 - c. The omission of FPPC filing of itemized donor names was inadvertent and unintentional.
4. The FPPC filing errors were relatively minor and easily correctable. The Committees promptly made amended filings to correctly disclose donor names when the errors were found.
5. The former President was far removed from the detailed process of making filings and there is no evidence that he had knowledge of them.
6. Complainant failed to exercise due diligence before taking the serious step of making charges, and as a result, the complaint was inconsistent with the facts. The charges are unfounded, misleading and full of unsubstantiated allegation. **The charges are utterly without merit.**
7. The facts support the conclusion that the charges were a contributing and unjustified factor in the former President's decision to seek an early retirement.

8. Complainant's insistence that the Foundation be barred from supporting Sierra College bond measures by donor solicitation as an intermediary is an unfounded opinion. The Foundation should not be prohibited from legal fund raising and bond measure contribution activities as the result of the erroneous view of a single Trustee.

RECOMMENDATIONS

The scope of the Grand Jury's investigation was to examine the complaint filed against the former President by Complainant. In spite of the fact that the former President had long departed the College, we believe this to be a constructive investigation. First, there had been no public resolution of the complaint since the other agencies that received it did not act. Also, our interviews with the College and Foundation staff showed that they were under the mistaken impression that the FPPC or some other agency might yet act, and they were waiting for that to occur. Also, the staff remains under a cloud, being led to believe that they had participated in doing something unwise, unethical or illegal, when in fact they had not. Although the staff has moved forward, it is with a sense that a wrong has been done, both by themselves through unwitting errors and by Complainant as their critic.

With the Grand Jury's investigation and findings complete, there are constructive actions that can be implemented to put the matter behind the College and to enable needed healing. The following set of recommendations is offered with that intent.

The Placer County Grand Jury recommends that:

1. The Sierra College Board should extend the Grand Jury's thanks and appreciation to the College and Foundation staff for persevering in the best interest of the College and the community through a difficult and trying time.
2. The Board should publicly acknowledge that the complaint filed by one of its members was without merit and should offer an expression of regret to the College community, the former President, and the public.
3. As a significant healing step for the college community, the Board should acknowledge in some tangible way the contributions of the former President's tenure.
4. Complainant should apologize to the College community and the public at large for filing charges, which the Grand Jury has proved to have no merit.
5. It should be recognized, with support of legal counsel, that there may be substantial advantages to allowing the Foundation to raise funds for College bond issues as an intermediary as enabled by the IRS and FPPC rules.

REQUEST FOR RESPONSES

The Grand Jury requests responses to its Findings and Recommendations as follows:

Sierra College Board of Trustees: Findings 1 through 6 and 8; Recommendations 1 through 3 and 5.

Sierra College Interim President (or VP Finance and Administration) and Sierra College Foundation Executive Director: Findings 1 through 4 and 8 and Recommendations 1 and 5.

Complainant: Recommendation 4 and any other Fact, Finding or Recommendation to which, at his option, he chooses to reply. We will find no fault with him if he chooses to reply to nothing except Recommendation 4, and that is our recommendation to him. However, we recognize he has the right to reply as he chooses.

Finding 7 has no legally required respondent, but the Grand Jury hopes that the press and the public will take note of it.

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APPENDIX 1: THE COMPLAINT

AARON KLEIN

Sierra College Trustee

FILED

05 DEC 20 PM 2:38

December 20, 2004

Mr. Jim McCauley
Placer County Clerk/Recorder
PO Box 5278
Auburn, California 95604

CLERK OF COURT
PLACER COUNTY

Dear Jim,

This letter constitutes an official complaint regarding what appears to be over \$100,000 in potential violations of campaign finance law on the part of the President and Superintendent of the Sierra Joint Community College District, Kevin Ramirez.

The relevant facts are as follows.

1. Kevin Ramirez is the President and Superintendent of the Sierra Joint Community College District. As President, he has supervision and management control over the college and its related entities. Ramirez is the one individual who has contact with the college vendors who made the donations in question, who serves as a member of the Sierra College Foundation Board of Directors, who supervises the Sierra College Foundation Executive Director and who is ultimately responsible for all management decisions made by the Foundation.
2. As a result, Kevin Ramirez is at the center of these allegations, and either conceived of and authorized this scheme, or should have known and reported it to the Board of Trustees and the appropriate authorities immediately.
3. In March of 2004, a bond election was held within the counties of Placer, Nevada, Sacramento and El Dorado for the purpose of determining whether the Sierra Joint Community College District should be authorized to float \$394 million in bonds for the renovation, repair and expansion of Sierra College facilities. This measure was placed on the ballot as Measure E.
4. Campaign finance reports filed by the committee show a \$60,000 contribution from the Sierra College Foundation, which is a nonprofit foundation organized and operated for the purpose of supporting Sierra Community College.
5. As the attached evidence shows, donors were solicited to support the Measure E bond election through a donation to the Sierra College Foundation, and the Foundation then earmarked those funds and contributed them to the bond measure political committee at a later date. This money laundering scheme allowed the administration to hide the true identities of donors to the bond campaign's political committee.
6. The funds received from these solicitations were deposited in accounts operated by the Foundation. There were no filings with the appropriate authorities in Placer County, Nevada County, El Dorado County, Sacramento County or the Secretary of State to disclose these donations or report the balances of these accounts, as required by the Political Reform Act and its implementing regulations.

There was no consultation with or approval by the Board of Trustees in regards to this scheme (although two trustees did serve on the Foundation board at the time, and continue to serve).

7. These funds were earmarked in a "special fund" for the Measure E bond campaign that was aggregated and then donated to the Measure E political committee shortly before the funds were needed for their expenditure. The Foundation neither added to or subtracted from these funds; the Foundation was simply used as a "pass-through" to funnel the dollars to the political committee.
8. Thus, the true donors to the Yes on Measure E committee were never properly disclosed to the public as required by the Political Reform Act and its implementing regulations. By making donations to the foundation instead of the committee, their identities were never disclosed because only the name of the Sierra College Foundation appears on the campaign finance reports relating to this \$60,000 contribution.
9. I want to emphasize that I do not believe that the donors themselves played any role in the conception or execution of this scheme. In fact, many of the donors turned out to be individuals or companies whose only interest was the broad betterment of the community.
10. However, a number of the donors did include entities with a financial interest in the outcome of the election, including several firms who have ongoing contractual relationships with the college in the areas of construction, architectural services, food service/vending and finance.
11. These firms would stand to greatly increase their business with the college upon passage of the measures. Further, the Board of Trustees relies on President Kevin Ramirez to recommend which firms the college should grant contracts to, giving these firms an additional reason to provide the financial support to the bond measures as requested by him or his designee.
12. Whether the donor had a financial interest or not, President Ramirez or his subordinate was clearly wrong to conceive of and execute a scheme that deprived the public of the right to know who was influencing the potential passage of the measure prior to the election.
13. There is some case to be made that the Foundation, a 501(h) organization, can legally make contributions to ballot measure committees, without losing its tax exempt status. However, this does not exempt the Foundation from the provisions of the Political Reform Act and its implementing regulations, forbidding it to accept political donations without the proper filing disclosures.
14. The Sierra Joint Community College District funds the entire salary of the President Ramirez, and partially funds the salary of the Foundation Executive Director. Therefore, if President Ramirez spent taxpayer-funded time conceiving of, authorizing or participating in this scheme, or if he instructed the Executive Director to carry out this scheme, those activities would constitute a felony or misdemeanor under Education Code § 7054, which provides:
 - (a) No school district or community college district funds, services, supplies, or equipment shall be used for the purpose of urging the support or defeat of any ballot measure or candidate, including, but not limited to, any candidate for election to the governing board of the district.
 - (b) Nothing in this section shall prohibit the use of any of the public resources described in subdivision (a) to provide information to the public about the possible effects of any bond issue or other ballot measure if both of the following conditions are met:

(1) The informational activities are otherwise authorized by the Constitution or laws of this state.

(2) The information provided constitutes a fair and impartial presentation of relevant facts to aid the electorate in reaching an informed judgment regarding the bond issue or ballot measure.

(c) A violation of this section shall be a misdemeanor or felony punishable by imprisonment in the county jail not exceeding one year or by a fine not exceeding one thousand dollars (\$1,000), or by both, or imprisonment in a state prison for 16 months, or two or three years.

15. The actions described above were repeated for the two additional bond measures proposed for the November 2004 election.
16. Measure G was proposed to provide funding for the renovation, repair and expansion of Sierra College facilities in Grass Valley, California. Campaign finance reports filed by the Measure G committee show a \$16,000 contribution from the Foundation, as well as a \$10,000 contribution from excess funds left over from the Measure E committee.
17. Measure H was proposed to provide funding for the construction of new Sierra College facilities in Truckee, California. As of this writing, the Nevada County Clerk-Recorder's Office has still been unable or unwilling to forward a copy of campaign finance reports filed by the Measure H committee, but we estimate that over \$28,000 was contributed by the Foundation based on the evidence received from the Foundation.
18. In order to attempt to address the concerns over this activity, the Foundation provided electronic copies of its spreadsheets that were used to record the donations solicited and earmarked for the eventual transfer to their appropriate bond measure committees. Printed copies of those spreadsheets are attached.
19. The spreadsheet detailing Measure E donors includes a notation that the donations at issue are classified for a "0124A Special Fund", separate from the "0124 Annual Fund".
20. The spreadsheet detailing Measure G and H donors is even more explicit, stating line-by-line which ballot measure the donation is earmarked for. There is \$16,400 earmarked for Measure G, and \$28,560 earmarked for Measure H.

I am seeking a formal investigation by the appropriate investigatory and law enforcement agencies of these campaign finance issues.

If I can provide any additional information, please do not hesitate to call me at 530-885-9500 x215.

Sincerely,



Aaron Klein
Trustee, Sierra Joint Community College District

APPENDIX 2: REFERENCE DOCUMENTS

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Item #	Date of Origin or Receipt	Category	Source	Title or Comments
1	12/20/04	Grand Jury Complaint	Complainant	Complaint alleging criminal charges against SC President Dr. Kevin Ramirez
2	12/23/04	Letter	Clerk-Recorder's Office	4 Letters: forwarding same complaint to FPPC, Grand Jury, State Attorney General, and Placer County District Attorney
3	12/27/04	Letter	FPPC	Acknowledgement of complaint receipt
4	1/24/05	Letter	Clerk-Recorder's Office	Letter to SCFoundation advising of possible obligation to file
5	1/7/05	Grand Jury Complaint	California Grand Jury Association	Citizen complaint regarding Sierra College Foundation
6	2/4/05	Letter	Clerk-Recorder's Office	3 Letters: to Placer County District Attorney, Grand Jury and FPPC w/enclosures of Measure G filings from Nevada County w/attachments of Foundation's accounting for bond measure donors
7	3/7/05	Letter	Foundation President	Response to Recorder's office outlining results of legal advice and filing violations being "technical and inadvertent"
8	9/22/05	Grand Jury Complaint	Former Grand Jury Member	Citizen complaint regarding Sierra College Foundation
9	12/8/05	Meeting notes	Clerk-Recorder's Office	Meeting
10	12/15/05	Testimony notes	Foundation Exec Director	Testimony
11	12/18/05	Working Paper	Grand Jury	"Analysis of the Klein Complaint"
12	1/11/06	Testimony notes	Former Foundation Board President	Testimony
13	1/12/06	Testimony notes	Current Foundation Board President	Testimony
14	1/12/06	Testimony notes	Sierra College Interim President	Testimony
15		Working Paper	Sierra College Interim President	Graph, FTES (full time equivalent student) decline 12/04-2/05
16	1/17/06	Testimony notes	Former Treasurer, Committee for Measure E	Testimony
17	1/18/06	Testimony notes	Sierra College VP Finance & Admin	Testimony
18	1/23/06	Testimony notes	Sierra College Board Member 1	Testimony
19	1/24/06	Testimony notes	Sierra College Board Member 2	Testimony
20	2/1/06	Testimony notes	Former Treasurer, Committee for Measure H	Testimony
21	2/13/06	Packet	Former Treasurer, Committee for Measure H	Measure H Campaign documents (e-mails, FPPC instructions, letter from Sec'y of State, letter from Streamline Consulting Group, copies of receipts)
22	2/8/06	Testimony notes	Complainant	Testimony
23	2/8/06	Working Paper	Complainant	Complainant's "Grand Jury Outline"
24	2/8/06	FPPC	Complainant	FPPC No.: 04/593 Stipulation, Decision and Order in the Matter of Foothill-De Anza Community Colleges Foundation
25	2/8/06	Letter	Complainant	Correspondence between Foundation and a significant business donor to all 3 bond measures
26	2/18/06	Testimony notes	Notes from Foundation business donor interviews	Testimony
27	2/20/06	Testimony notes	Former Sierra College Director of Business Services	Testimony
28	2/27/06	Testimony notes	Treasurer, Committee for Measure B	Testimony (Complainant's source for "is this legal?")
29	2/27/06	Testimony notes	Former Sierra College Board Member	Testimony (party to Complainant's alleged bathroom conversation)
30	3/6/06	Testimony notes	Sierra College Board President	Testimony (Complainant's advisor)
31	12/15/05	Bond Measures	Clerk-Recorder's Office	Measure E: Proposal to issue bonds for Sierra Joint Community College District
32	3/2/04	Internet	League of Women Voters	Measure E Description
33	12/15/05	Bond Measures	Clerk-Recorder's Office	Measure H: Proposal to issue bonds for Sierra Joint Community College School Facilities Improvement District Number 1
34	12/8/05	FPPC	Clerk-Recorder's Office	Election Filing Reports: Copies of all campaign filings for Measures E, G, and H
35	12/8/05	FPPC	Clerk-Recorder's Office	Election Results: Local Measures G and H
36	12/31/94	FPPC	Fair Political Practices Commission	Information Manual D: Manual for recipient committees formed to support or oppose the passage of ballot measures
37	2/15/06	FPPC	Fair Political Practices Commission	2004 Addendum: Supplement to Manual D
38	1/1/05	FPPC	Fair Political Practices Commission	2005 Addendum: Supplement to Manual D
39	11/15/05	Internet	County Counsel	Education Code 7050-7058
40	11/28/05	Internet	Education Code Section 72670 - 72682	Code governing formation of auxiliary organizations by community colleges

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41	10/15/02	Working Paper	Financial Strategies Inc.	Memo: "Relationship of Sierra College Foundation to Expanding Horizons for Lifelong Learning
42	6/26/02	e-mail	Larry Toy, President, Foundation for California Community Colleges	Statewide/Local Bond Campaign Contributions Through Your Foundation
43	5/10/02	Working Paper	Gilbert Associates, Inc. CPAs and Advisors	Memo: Allowable Financial Support from the Foundation for Proposed Sierra Junior College Bond Measure
44	7/8/02	Internet	Online Compendium of Federal and State Regulations for U.S. Non-Profit Organizations	Lobbying and Political Activity by Tax-Exempt Organizations
45	11/5/03	e-mail	Sierra College	Rules regarding the bond campaign
46	12/19/02	Letter	Gilbert Associates, Inc. CPAs and Advisors	Letter to SC VP Business Services re: form and filing for IRS for the Foundation to allow expenditures to influence legislation
47	1/11/05	Formal Meeting Minutes	Minutes - Sierra College Board Mtg.	Special meeting of the Board with public comments re: Dr. Ramirez
48	7/1/03	Contract	Sierra College	Contract Extension between Sierra College and Kevin Ramirez
49	1/21/05	Contract	Sierra College	Settlement Agreement between Sierra College Board and Kevin Ramirez; attachment of Foundation donor accounting
50	1/23/06	Working Paper	Sierra College	General Fund 10-year History with Ramirez Buyout Expenses Removed
51	1/23/06	Working Paper	Sierra College	Sierra Community College District Facilities Funding Challenges
52	3/7/08	Formal Meeting Minutes	Sierra College	Sierra Joint Community College Districts Minutes (Oct 2002 - Dec 2004)
53	12/15/05	Contract	Foundation Executive Director	Foundation Bylaws
54	12/15/05	Financial	Foundation Executive Director	Foundation Financial statements, independent auditor's reports and IRS filings (2002-2004)
55	12/15/05	Foundation Board members	Foundation Executive Director	Foundation's 2002-2003 Board of Directors
56	12/15/05	Foundation Board members	Foundation Executive Director	Foundation's 2003-2004 Board of Directors
57	12/15/05	Foundation Board members	Foundation Executive Director	Foundation's 2004-2005 Board of Directors
58	10/13/03	Formal Meeting Minutes	Minutes - Foundation Board Mtg.	Agenda Item III.C "Foundation Support of March, 04 Bond Measure"
59	1/13/03	Formal Meeting Minutes	Minutes - Foundation Board Mtg.	Agenda Item IV.B "Election of 501(h) option to the Foundation's 501(c)(3) Status"
60	10/11/04	Agenda	Agenda - Foundation Board Mtg.	attachment "Transfer of Funds from Special Account in accordance with 501h allowance"
61	10/11/04	Formal Meeting	Minutes - Foundation Board Mtg.	Agenda Item IV.B "Transfer of Funds to Measures G & H"
62	1/26/04	Formal Meeting Minutes	Minutes - Foundation Board Mtg.	Agenda Items III.B "Amendment to the Articles of Incorporation" and III.D "Transfer of Funds from Special Account in Accordance with the 501(h) Allowance"
63	1/3/05	e-mail	Foundation Executive Director	response from ELAC Foundation re: use of 501(h)
64	1/4/05	e-mail	Foundation Executive Director	response from Merced College Foundation re: use of 501(h)
65	1/4/05	e-mail	Foundation Executive Director	response from Ventura College Foundation re: use of 501(h)
66	1/4/05	e-mail	Foundation Executive Director	response from Cabrillo College Foundation re: use of 501(h)
67	3/8/05	e-mail	Foundation Executive Director	re: memo from SCF President about filings failures
68	1/28/04	e-mail	Foundation Executive Director	from campaign group for E titled "Campaign Contribution Update" with lengthy list of Foundation contributors
69	9/8/04 - 10/14/04	e-mail	Foundation Executive Director	series of e-mails from 9/8/04 - 10/14/04 reporting donations to G & H bond measure committees
70	11/17/03	Letter	Foundation Executive Director	Thank you letters to a major donor from SCF President
71	12/17/03	Letter	Foundation Executive Director	Thank you letters to a 4 major donors from SCF President
72	10/18/04	Letter	Foundation Executive Director	Thank you letters to 7 major donors from SCF Executive Director w/receipts attached
73	11/29/04	Letter	Foundation Executive Director	Thank you letters to 9 major donors from SC President and SCF Executive Director
74	3/7/05	Letter	Sierra College Foundation	Letter responding to County Clerk-Recorder concerning filing violations
75	7/26/04	Letter	TRR (Teresa R. Ryland, C.P.A)	To SCF Exec Director re: continued tax-exempt status; outlining that 20% of expenditures could be contributed to the bond measure
76	8/13/05	Marketing Survey	Fairbank, Maslin, Maulin & Associates	Sierra Joint CCD Marketing Survey (August 13-19, 2005)
77	2/11/05	Newspaper Article	Auburn Journal	"Award, allegations complicate legacy of Sierra President"

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78	2/4/05	Newspaper Article	Auburn Journal	"Campaign watchdog group investigating Ramirez fundraising"
79	2/3/05	Newspaper Article	Auburn Journal	"Diverse group holds reins of Sierra College"
80	12/24/04	Newspaper Article	Auburn Journal	"Further charges fly at college"
81	2/2/05	Newspaper Article	Auburn Journal	"Grand Jury reports show Sierra leaders no strangers to controversy"
82	3/10/05	Newspaper Article	Auburn Journal	"Klein recall effort folds"
83	1/28/05	Newspaper Article	Auburn Journal	"Lynn in as Sierra interim president"
84	3/27/05	Newspaper Article	Auburn Journal	"Politics at work in parcel tax?"
85	1/30/05	Newspaper Article	Auburn Journal	"Ramirez buyout may have cost over \$500,000"
86	12/24/04	Newspaper Article	Auburn Journal	"Sierra college trustee calls on College President Ramirez to resign"
87	2/6/06	Newspaper Article	Auburn Journal	"Sierra inducts 46 into Hall of Fame"
88	11/4/05	Newspaper Article	Auburn Journal	"Sierra probes support for new bond"
89	12/24/04	Newspaper Article	Auburn Journal	"Trustee alleges Ramirez funneled political spending"
90	3/3/05	Newspaper Article	Lincoln News Messenger	"Klein speech rekindles Sierra debate"
91	12/23/04	Newspaper Article	Lincoln News Messenger	"Ramirez Claims Pressure from Board to Resign"
92	12/30/04	Newspaper Article	Lincoln News Messenger	"Ramirez Rebuts charges by new board member"
93	1/27/05	Newspaper Article	Lincoln News Messenger	"Ramirez to step down as President of Sierra College"
94	2/1/05	Newspaper Article	Lincoln News Messenger	"Ramirez, Sierra board faced scrutiny in the past"
95	12/24/04	Newspaper Article	Placer Herald	"Sierra president alleges pressure to resign post"
96	12/20/04	Newspaper Article	Sacramento Bee	"College chief should quit, trustee says"
97	3/10/05	Newspaper Article	The Union	"Effort to recall Klein abandoned"
98	2/10/05	Newspaper Article	The Union	"Klein focuses on future for college"
99	2/22/05	Newspaper Article	The Union	"Making deals normal at college"
100	12/29/04	Newspaper Article	The Union	"Trustee: Sierra College leader should leave"
101	12/22/04	Internet	Complainant's Blog	"An Open Letter to our Sierra College Faculty, Classified Staff and Administration"
102	1/4/06	Internet	Complainant's Blog	"Auburn Journal Article on the Proposed Sierra College Bond"
103	5/27/05	Internet	Complainant's Blog	"Commencement, Part II"
104	2/4/04	Internet	Complainant's Blog	"Making Progress at Sierra College"
105	5/20/05	Internet	Complainant's Blog	"My Speech on a New College for a New Day"
106	6/20/05	Internet	Complainant's Blog	"Sierra College ... On the Right Track"
107	8/27/05	Internet	Complainant's Blog	"The journal attempts to right a wrong ..."

APPENDIX 3: TIME LINE OF EVENTS

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APPENDIX 3: TIME LINE OF EVENTS

- Foundation approves 501(h) election → 01/13/03
- Foundation donor list circulates among Committee for Measure E → 01/22/04
- Foundation approves \$60,000 transfer to Measure E → 01/26/04

- Foundation transfers \$60,000 to Committee for Measure E → 02/14/04
- Committee for E files Form 460 (\$60,000 wo/donor detail) → 02/18/04

- ELECTION: Bond Measure E Fails → 03/02/04

- Foundation e-mails provide donor lists to G & H Committees → 09/08-10/14/04
- Foundation approves funding up to \$60,000 for Measures G & H → 10/11/04
- Committee for Measure E files Form 460 → 10/11/04
(shows transfers of \$10K to Committees for G & H; returns \$2419 to Foundation)
- Foundation transfers \$25,210 to Committee for Measure H → 10/16/04
- Committee for Measure H files Form 460 (\$25,210 wo/donor detail) → 10/21/04
- Complainant detects FPPC filing errors for E, G & H → 10/24/04

- ELECTION: Complainant elected as Trustee; Measures G & H pass → 11/02/04
- Committee for E files amendment identifying individual donors → 11/16/04

- Complainant writes & sends complaint to Grand Jury & Recorder → 12/20/04
- Grand Jury receives 1st complaint (also County Recorder's Office) → 12/23/04
- FPPC acknowledges receipt of complaint from Recorder's Office → 12/27/04

- Grand Jury receives 2nd citizen complaint re: investigation of Foundation → 01/07/05
- Sierra College Board special meeting re: Ramirez/Board conflict → 01/11/05
- Settlement agreement between Ramirez & College → 01/21/05
- Letter from Recorder's office to Foundation ('You may need to file') → 01/24/05

- Foundation replies to Recorder's Office letter re: attorney's assessment → 03/07/05
- Committee for H files amended Form 460 showing \$25,210 donor detail → 03/22/05

- Grand Jury begins inquiry (attend Sierra College Board Meeting) → 09/13/05
- Grand Jury receives 3rd citizen complaint → 09/22/05

- Press repeats allegations upon Ramirez hall of fame induction → 02/06/06

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INSTRUCTIONS TO RESPONDENTS