

1 GALENA WEST
Chief of Enforcement
2 NEAL BUCKNELL
Senior Commission Counsel
3 **FAIR POLITICAL PRACTICES COMMISSION**
428 J Street, Suite 620
4 Sacramento, CA 95814
Telephone: (916) 323-6424

5 Attorneys for Complainant
6
7

8 BEFORE THE FAIR POLITICAL PRACTICES COMMISSION
9 STATE OF CALIFORNIA
10

11 In the Matter of

12 ANGEL SANTIAGO, FRIENDS OF
ANGEL SANTIAGO FOR INLAND
13 EMPIRE UTILITIES AGENCY
DIRECTOR DIVISION 4, and VALERIE
14 SANTIAGO,

15 Respondents.
16

FPPC Case No. 13/547

17 DEFAULT DECISION AND ORDER

(Gov. Code, §§ 11506 and 11520)

17 Complainant, the Enforcement Division of the Fair Political Practices Commission, hereby
18 submits this Default Decision and Order for consideration at its next regularly scheduled meeting.

19 Respondents Angel Santiago, Friends of Angel Santiago for Inland Empire Utilities Agency
20 Director Division 4, and Valerie Santiago have chosen to waive their rights to a probable cause
21 conference and administrative hearing—under the Political Reform Act, Administrative Procedure Act,
22 and all other relevant laws—so that this matter may be resolved as a Default Decision and Order. (A true
23 and correct copy of Respondents’ written waiver in this regard is attached to the supporting declaration
24 of Neal Bucknell as Exhibit A-1.)

25 In this case, Respondents violated the Political Reform Act as described in Exhibit 1 and in the
26 supporting declaration of Ann Flaherty (both of which are incorporated herein by reference). Exhibit 1 is
27 a true and accurate summary of the law and evidence in this matter.

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1 This Default Decision and Order is submitted to the Commission to obtain a final disposition of
2 this case as to the above-named Respondents.

3
4 Dated: _____

Galena West, Chief of Enforcement
Fair Political Practices Commission

6
7 **ORDER**

8 The Commission issues this Default Decision and Order and imposes an administrative penalty in
9 the amount of \$32,000, of which Respondents Angel Santiago and Friends of Angel Santiago for Inland
10 Empire Utilities Agency Director Division 4 are jointly and severally liable for the full amount, and
11 Respondent Valerie Santiago is jointly and severally liable for \$31,000 (all but Count 10). This penalty is
12 payable to the "General Fund of the State of California."

13 IT IS SO ORDERED, effective upon execution below by the Chairman of the Fair Political
14 Practices Commission at Sacramento, California.

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16
17 Dated: _____

Joann Remke, Chair
Fair Political Practices Commission

EXHIBIT 1

INTRODUCTION

In 2010, Angel Santiago was a successful candidate for re-election to the Inland Empire Utilities Agency Board of Directors. His candidate controlled committee was Friends of Angel Santiago for Inland Empire Utilities Agency Director Division 4, and the committee treasurer was his wife, Valerie Santiago.

This case involves multiple violations of the Political Reform Act (the “Act”).¹ Several of the violations are for failure to timely file campaign statements and reports. One of the violations involves using cash to make campaign expenditures of \$100 or more.

WAIVER OF RIGHTS

Angel Santiago (individually and on behalf of his committee) and Mrs. Santiago have been informed about the nature of the charges set forth herein. Also, they have been provided with an opportunity to consult with a private attorney regarding their rights to a probable cause conference and an administrative hearing under the Political Reform Act, the Administrative Procedure Act, and all other relevant laws. However, they have agreed to waive these rights, and they are aware that by doing so, the Enforcement Division will proceed with this default recommendation to the Commission. They understand the Commission can accept, reject, or change the recommended penalty. A true and correct copy of their written waiver is attached to the supporting declaration of Neal Bucknell as Exhibit A-1.

NATURE OF DEFAULT PROCEEDINGS

In this situation, where Santiago, his committee, and Mrs. Santiago have waived their rights to a probable cause conference and an administrative hearing, the Commission may take action based upon their express admissions or upon other evidence, and affidavits may be used as evidence without any notice to them.²

SUMMARY OF THE LAW

All legal references and discussions of law pertain to the Act’s provisions as they existed at the time of the violations in this case (2010-2011).

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¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to this code. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to this source.

² Section 11520, subdivision (a).

Need for Liberal Construction and Vigorous Enforcement of the Political Reform Act

When enacting the Political Reform Act, the people of California found and declared that previous laws regulating political practices suffered from inadequate enforcement by state and local authorities.³ For this reason, the Act is to be construed liberally to accomplish its purposes.⁴

One purpose of the Act is to promote transparency by ensuring that receipts and expenditures in election campaigns are fully and truthfully disclosed so that voters are fully informed and improper practices are inhibited.⁵ Along these lines, the Act includes a comprehensive campaign reporting system.⁶ Also, the Act provides that campaign expenditures of \$100 or more may not be made with cash (which facilitates enforcement of the Act and helps ensure that expenditures are fully and truthfully disclosed).⁷ Another purpose of the Act is to provide adequate enforcement mechanisms so that the Act will be “vigorously enforced.”⁸

Definition of Controlled Committee

The Act defines a “committee” to include any person (or combination of persons) who receives contributions totaling \$1,000 or more in a calendar year.⁹ This type of committee commonly is referred to as a “recipient committee.” A recipient committee that is controlled directly or indirectly by a candidate, or which acts jointly with a candidate in connection with the making of expenditures, is a “controlled committee.”¹⁰ A candidate controls a committee if he or she, his or her agent, or any other committee he or she controls has a significant influence on the actions or decisions of the committee.¹¹

Mandatory Filing of Campaign Statements and Late Contribution Reports

At the core of the Act’s campaign reporting system is the requirement that candidates and their controlled committees must file campaign statements and reports for certain reporting periods and by certain deadlines.¹²

For example, candidates for local office in the election held November 2, 2010—and their controlled committees—were required to file as follows:¹³

³ Section 81001, subdivision (h).

⁴ Section 81003.

⁵ Section 81002, subdivision (a).

⁶ Sections 84200, et seq.

⁷ Section 84300, subdivision (b).

⁸ Section 81002, subdivision (f).

⁹ Section 82013, subdivision (a).

¹⁰ Section 82016.

¹¹ Section 82016, subdivision (a).

¹² See Sections 84200, et seq.

¹³ See Sections 82036; 84200, subdivision (a); 84200.5, subdivision (b); 84200.7, subdivision (b); 84203; and Regulation 18116.

Filing	Reporting Period	Deadline	Notes
Semi-Annual Statement	1/1/10-6/30/10	8/2/10	
Pre-Election Statement	7/1/10-9/30/10	10/5/10	
Pre-Election Statement	10/1/10-10/16/10	10/21/10	
Late Contribution Report	10/17/10-11/1/10	within 24 hrs.	File if a contribution of \$1,000 or more is received.
Semi-Annual Statement	10/17/10-12/31/10	1/31/11	

Following the 2010 election year, such candidates and their controlled committees had a continuing obligation to file semi-annual statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31.¹⁴

Prohibition Against Making Cash Expenditures of \$100 or More

The Act provides that no campaign expenditure of \$100 or more may be made in cash.¹⁵ This facilitates enforcement and helps ensure that expenditures are fully and truthfully disclosed.

Joint and Several Liability of Candidate, Committee, and Treasurer

It is the duty of a committee treasurer to ensure that the committee complies with the Act.¹⁶ A treasurer may be held jointly and severally liable, along with the candidate and the committee, for violations committed by the candidate/committee.¹⁷

SUMMARY OF THE FACTS

In 2010, Angel Santiago was a successful candidate for re-election to the Inland Empire Utilities Agency Board of Directors. Friends of Angel Santiago was his candidate controlled committee, and the committee treasurer was his wife, Valerie Santiago.

The election was held on November 2, 2010. Angel Santiago won with approximately 56.75% of the vote, and his opponent, Jasmin Hall, lost with approximately 43.25% of the vote.

Angel Santiago first was elected in 2002, and he resigned from his position on or about September 11, 2013.

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¹⁴ Section 84200, subdivision (a).

¹⁵ Section 84300, subdivision (b).

¹⁶ Sections 81004, 84100, and Regulation 18427.

¹⁷ Sections 83116.5 and 91006.

Counts 1-9: Failure to Timely File Campaign Statements and Reports

This case involves non-filing and late filing of various campaign statements and reports, as shown in the chart below. (Approximate committee activity for each reporting period is noted in terms of expenditures made and contributions received.)

Count	Filing	Reporting Period	Deadline	Date Filed	Expenditures	Contributions
1	Semi-Annual Statement	1/1/10-6/30/10	8/2/10	9/30/13	\$3,200	\$3,149
2	Pre-Election Statement	7/1/10-9/30/10	10/5/10	9/30/13	\$12,866	\$14,129
3	Pre-Election Statement	10/1/10-10/16/10	10/21/10	9/30/13	\$5,441	\$5,999
4	Late Contribution Report	10/20/10	10/21/10	not filed	-	\$1,500
5	Late Contribution Report	10/22/10	10/23/10	not filed	-	\$5,000
6	Late Contribution Report	10/26/10	10/27/10	not filed	-	\$1,000
7	Late Contribution Report	10/27/10	10/28/10	not filed	-	\$3,000
8	Semi-Annual Statement	10/17/10-12/31/10	1/31/11	9/30/13	\$15,515	\$13,750
9	Semi-Annual Statement	1/1/11-6/30/11	8/1/11	9/30/13	\$1,963	\$2,001

Count 1: Failure to File Semi-Annual Campaign Statement (period ending 6/30/10)

As noted in the above chart, the Santiagos and Friends of Angel Santiago failed to timely file a semi-annual campaign statement for the period ending June 30, 2010. In this way, they violated Section 84200, subdivision (a).

Count 2: Failure to File Pre-Election Statement (period ending 9/30/10)

As noted in the above chart, the Santiagos and Friends of Angel Santiago failed to timely file a pre-election campaign statement for the period ending September 30, 2010. In this way, they violated Sections 84200.5, subdivision (b), and 84200.7, subdivision (b).

Count 3: Failure to File Pre-Election Statement (period ending 10/16/10)

As noted in the above chart, the Santiagos and Friends of Angel Santiago failed to timely file a pre-election campaign statement for the period ending October 16, 2010. In this way, they violated Sections 84200.5, subdivision (b), and 84200.7, subdivision (b).

Counts 4-7: Failure to File Late Contribution Reports

As noted in the above chart, the Santiagos and Friends of Angel Santiago failed to timely file four late contribution reports during the latter part of October 2010. In this way, they committed four violations of Section 84203.

Count 8: Failure to File Semi-Annual Campaign Statement (period ending 12/31/10)

As noted in the above chart, the Santiagos and Friends of Angel Santiago failed to timely file a semi-annual campaign statement for the period ending December 31, 2010. In this way, they violated Section 84200, subdivision (a).

Count 9: Failure to File Semi-Annual Campaign Statement (period ending 6/30/11)

As noted in the above chart, the Santiagos and Friends of Angel Santiago failed to timely file a post-election semi-annual campaign statement for the period ending December 31, 2010. Also, they failed to timely file post-election campaign statements for the period ending December 31, 2011, and for the period of January 1 through March 21, 2012 (the effective date of termination of the committee). However, there was very little reportable activity for the last two periods (receipts of \$1,250 for the period ending December 31, 2011, and expenditures in the same amount for the period ending March 21, 2012).

In this way, the Santiagos and Friends of Angel Santiago violated Section 84200, subdivision (a).

Count 10: Cash Expenditures of \$100 or More

On or about October 28, 2010, Angel Santiago made a cash withdrawal from his committee bank account in the amount of \$100. He maintains the funds were used to pay for food for campaign walkers.

Also, on or about March 21, 2012, he made a cash withdrawal from his committee bank account in the amount of \$735. He maintains the funds were used to help pay for attorney fees in connection with a matter for which he was being criminally prosecuted. (That month, he and his wife had been arrested and charged with multiple crimes, including tax evasion and failure to report income on his Statement of Economic Interests.)

In this way Angel Santiago and Friends of Angel Santiago violated Section 84300, subdivision (b), which prohibits the use of cash to make campaign expenditures of \$100 or more.

PROPOSED PENALTY

This matter consists of 10 counts of violating the Act, which carry a maximum administrative penalty of \$5,000 per count—for a total maximum penalty of \$50,000.¹⁸

In determining the appropriate penalty for a particular violation of the Act, the Commission considers the facts of the case, the public harm involved, and the purposes of the Act. Also, the Commission considers factors such as: (a) the seriousness of the violation; (b) the presence or absence of any intention to conceal, deceive or mislead; (c) whether the violation was deliberate, negligent or inadvertent; (d) whether the violation was isolated or part of a pattern; (e) whether corrective amendments voluntarily were filed to provide full disclosure; and (f) whether the violator has a prior record of violations.¹⁹ Additionally, the Commission considers penalties in prior cases with similar violations.

¹⁸ Section 83116, subdivision (c).

¹⁹ Regulation 18361.5, subdivision (d).

Regarding Counts 1 through 9, the public harm inherent in campaign reporting violations is that the public is deprived of important, time-sensitive information regarding contributions and expenditures made in support of a candidate. The harm is even greater when the public is deprived of information that was required to be disclosed prior to an election because this has the potential to affect how votes are cast.

Recently, the Commission approved a Default Decision and Order that imposed the maximum penalty for three counts of failure to file campaign statements against an unsuccessful candidate for California State Assembly. See *In the Matter of Michael Aldapa*, FPPC Case No. 13/220 (decided Oct. 15, 2015), where the Commission increased the recommended penalty to \$5,000 per count because the candidate was well aware of his filing obligations—but he demonstrated a pattern of disregard for the law by refusing to file when he was required to do so.

As in the *Aldapa* case, Angel Santiago had reason to be well aware of his filing obligations. He first was elected to his position in 2002—giving him ample opportunity to familiarize himself with the Act’s requirements over the years. Also, the current case involves a repeated pattern of disregard for the Act—worse than the pattern in the *Aldapa* case because it involved more filings over a longer period of time. Additionally, an argument can be made that the current case is more deserving of the maximum penalty because Aldapa lost his election—whereas Angel Santiago won.

However, unlike the *Aldapa* case, most of the campaign filings in the current case ultimately were filed—albeit roughly two or three years late. So there was not a complete refusal to file. Also, the Santiagos cooperated with the Enforcement Division to some extent by entering into a tolling agreement regarding the statute of limitations and by waiving their rights to a probable cause conference and administrative hearing to allow this default to be taken. Additionally, they do not have a history of prior violations of the Act. Under these circumstances, a penalty in the amount of \$3,000 per count is recommended for Counts 1, 2, 3, 8, and 9 (which involved *late* campaign filing)—and a penalty in the amount of \$4,000 per count is recommended for Counts 4 through 7 (which involved *complete* non-filing).

These penalty amounts are not the maximum allowed by law, as in the *Aldapa* case, but nonetheless, they are stiff penalties when compared to other cases where there was not a repeated pattern of disregard for the Act’s filing requirements. For example, *In the Matter of Familias por Maywood aka Familias por Maywood Supporting Aguirre Magaña Varela for Maywood City Council, and Felipe Aguirre*, FPPC Case No. 12/422 (decided Jan. 15, 2015), the Commission approved a default decision and order (pursuant to a waiver similar to the one in the current case) that imposed a penalty in the amount of \$1,000 for failure to file a late contribution report (regarding receipt of a contribution in the amount of \$1,000) and a penalty in the amount of \$2,500 for failure to file a semi-annual campaign statement (regarding reportable receipts and expenditures in the approximate amounts of \$5,450 and \$25,651, respectively).

Regarding Count 10 (use of cash to make campaign expenditures of \$100 or more), the *Maywood* default also involved a similar violation. In that case, a penalty in the amount of

\$1,500 was imposed against a city councilman for making cash withdrawals (of \$100 or more) totaling \$2,020. The violation was charged as a single count, which included a separate/additional violation, as part of the same count, for making unlawful cash deposits of (\$100 or more) totaling approximately \$2,934. The cash expenditures and withdrawals were not reported on campaign statements. The candidate was noted to be an experienced public official (who should have been familiar with the Act), and the default was taken by the Commission pursuant to a voluntary waiver by the respondents.

The current case is similar to the *Maywood* case to the extent that it also is a default proceeding pursuant to a voluntary waiver, Angel Santiago also was an experienced candidate (who should have been familiar with the Act), a relatively small amount of money was involved (approximately \$835 in the present case and \$2,020 in the *Maywood* case), and the expenditures in question were not timely reported. However, unlike the *Maywood* case, the current case does not involve unlawful cash deposits in addition to unlawful cash expenditures. Under these circumstances (and considering that the Santiagos do not have a history of prior violations of the Act), a penalty in the amount of \$1,000 is recommended for Count 10.

CONCLUSION

For the foregoing reasons, it is respectfully submitted that a total penalty in the amount of \$32,000 is justified in this case (\$3,000 per count for Counts 1-3, 8, and 9; \$4,000 per count for Counts 4-7; and \$1,000 for Count 10).

1 GALENA WEST
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13 ANGEL SANTIAGO FOR INLAND
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14 DIRECTOR DIVISION 4, and VALERIE
SANTIAGO,

15 Respondents.
16

FPPC Case No. 13/547

DECLARATION OF NEAL BUCKNELL IN
SUPPORT OF DEFAULT DECISION AND
ORDER

(Gov. Code, §§ 11506 and 11520)

17 I, Neal Bucknell, declare as follows:

18 1. I am employed by, and I represent the Fair Political Practices Commission
19 (“Commission”) in my capacity as Senior Commission Counsel for the Enforcement Division. My
20 business address is 428 J Street, Suite 620, Sacramento, California.

21 2. I am the attorney assigned to this case. If called as a witness, I competently could and
22 would testify to the following, which is based upon my own personal knowledge.

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3. Attached hereto as Exhibit A-1, is a true and correct copy of Respondents' waiver of their rights to a probable cause conference and administrative hearing.

4. Attached hereto as Exhibit A-2 is a true and correct copy of a tolling agreement that Respondents entered into with the Commission.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed at Sacramento, California, on _____, 2015.

NEAL BUCKNELL
Senior Commission Counsel
Fair Political Practices Commission
Enforcement Division

EXHIBIT A-1



**FAIR POLITICAL PRACTICES COMMISSION
ENFORCEMENT DIVISION**

**WAIVER OF RIGHT TO PROBABLE CAUSE
HEARING AND ADMINISTRATIVE HEARING**

FPPC Case No. 13/547

We, the undersigned, have been provided with an opportunity to consult an attorney of our choosing. We understand our rights to a probable cause hearing and administrative hearing under the Political Reform Act, the Administrative Procedure Act, and all other relevant laws.

We hereby waive our rights to a probable cause hearing and administrative hearing. In so doing, we understand and agree that:

- a. This case will proceed to the Fair Political Practices Commission ("Commission") as a default recommendation by the Enforcement Division, and we waive the 15-day notice requirement for defaults.
- b. The default recommendation by the Enforcement Division will be for up to 12 administrative counts (for failure to timely file campaign statements and reports in 2010, 2011, and 2012—and for using campaign funds to make cash expenditures of \$100 or more) with a total recommended penalty of up to \$32,000.
- c. The Enforcement Division will place this case on the agenda for the next scheduled public meeting of the Commission for its consideration.
- d. Any unpaid portion of the fine imposed against us by the Commission will go through a collections process.

We understand that the Commission will be presented with the proposed default recommendation, and it has the discretion to modify counts and increase or decrease the proposed penalty based on the evidence. Adoption of a default decision is contingent on its passage by a majority of the members of the Commission and will be the final Decision and Order in this case.

Dated: 9/15/15

Angel Santiago, individually and on behalf of Friends
of Angel Santiago for Inland Empire Utilities Agency
Director Division 4, Respondents

Dated: 9/15/15

Valerie Santiago, Respondent

EXHIBIT A-2

TOLLING AGREEMENT

FPPC Case No. 13/547

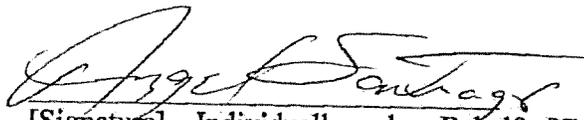
I, the undersigned (individually and on behalf of Friends of Angel Santiago for Inland Empire Utilities Agency Director of Division 4), understand that I am being investigated by the Enforcement Division of the Fair Political Practices Commission for potential violations of the Political Reform Act—including, but not limited to failure to timely file required campaign statements/reports and making cash expenditures of campaign funds in amounts of \$100 or more. In order to allow time for further evaluation of this matter and meaningful settlement discussions, I agree to toll any statute of limitations that might be applicable, including but not limited to Government Code sections 91000.5 and 91011.

I have been afforded an opportunity to consult with a private attorney of my choosing. By entering into this tolling agreement, I am not waiving any claims, rights, or defenses that may have accrued prior to the effective date of this tolling agreement.

This tolling agreement shall be effective starting June 25, 2015. Thereafter, this agreement may be terminated by me at any time with 30 days' written notice to the Enforcement Division of the Fair Political Practices Commission—with the understanding that the notice must be conveyed via certified mail, return receipt requested, to Neal Bucknell, Senior Commission Counsel, or to the Chief of Enforcement.

A fax or .pdf copy of this executed agreement shall be as effective/binding as the original.

Dated: 7/01/2015



[Signature] – Individually and on Behalf of Friends of Angel Santiago for Inland Empire Utilities Agency Director of Division 4

ANGEL SANTIAGO

[Printed Name]

TOLLING AGREEMENT

FPPC Case No. 13/547

I, the undersigned (individually and on behalf of Friends of Angel Santiago for Inland Empire Utilities Agency Director of Division 4), understand that I am being investigated by the Enforcement Division of the Fair Political Practices Commission for potential violations of the Political Reform Act—including, but not limited to failure to timely file required campaign statements/reports and making cash expenditures of campaign funds in amounts of \$100 or more. In order to allow time for further evaluation of this matter and meaningful settlement discussions, I agree to toll any statute of limitations that might be applicable, including but not limited to Government Code sections 91000.5 and 91011.

I have been afforded an opportunity to consult with a private attorney of my choosing. By entering into this tolling agreement, I am not waiving any claims, rights, or defenses that may have accrued prior to the effective date of this tolling agreement.

This tolling agreement shall be effective starting June 25, 2015. Thereafter, this agreement may be terminated by me at any time with 30 days' written notice to the Enforcement Division of the Fair Political Practices Commission—with the understanding that the notice must be conveyed via certified mail, return receipt requested, to Neal Bucknell, Senior Commission Counsel, or to the Chief of Enforcement.

A fax or .pdf copy of this executed agreement shall be as effective/binding as the original.

Dated: 7-1-15



[Signature] – Individually and on Behalf of Friends of Angel Santiago for Inland Empire Utilities Agency Director of Division 4

VALEKIE SANTIAGO

[Printed Name]

1 GALENA WEST
Chief of Enforcement
2 NEAL BUCKNELL
Senior Commission Counsel
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14 SANTIAGO,

15 Respondents.
16

FPPC Case No. 13/547

DECLARATION OF ANN FLAHERTY IN
SUPPORT OF DEFAULT DECISION AND
ORDER

(Gov. Code, §§ 11506 and 11520)

17 I, Ann Flaherty, declare as follows:

18 1. I am a Special Investigator for the Enforcement Division of the Fair Political Practices
19 Commission. My business address is 428 J Street, Suite 620, Sacramento, California.

20 2. I am the investigator assigned to this case. If called as a witness, I competently could and
21 would testify to the following, which is based upon my own personal knowledge and upon my
22 investigation.

23 3. As part of my investigation, I obtained and reviewed various documents, including
24 campaign records/filings for the Friends of Santiago committee, committee bank records, internet news
25 articles and information from the San Bernardino County Superior Court regarding the criminal charges
26 that were brought against the Santiagos for tax evasion (which led to a misdemeanor conviction for
27 Valerie Santiago, and felony probation for Angel Santiago, necessitating his resignation from the Inland
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1 Empire Utilities Agency). Also, I communicated with Angel Santiago on numerous occasions about this
2 case (both in writing and on the telephone).

3 4. Exhibit 1 (which is incorporated by reference into the Default Decision and Order) is a
4 true and correct summary of the facts in this case—as I know them to be, based upon the findings of my
5 investigation.

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7 I declare under penalty of perjury under the laws of the State of California that the foregoing is
8 true and correct. Executed at Sacramento, California, on _____, 2015.

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11 _____
12 ANN FLAHERTY
13 Special Investigator
14 Fair Political Practices Commission
15 Enforcement Division
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