

San Francisco Chronicle

San Francisco must end its pay-to-play practices

By Larry Bush and Peter Keane

March 21, 2017

Nine out of 10 San Franciscans voted last November to close the rat hole that allows lobbyists to influence City Hall through contributions and gifts, including junkets for elected officials.

But special interests have more than one way to make their influence felt, and it seems as if loopholes were written into laws to protect their influence peddling. It can't remain like that if voters are to have confidence in their government.

Here are actions we can take:

Eliminate pay-to-play as city commissioners fundraise for officials and candidates. One case already has resulted in indictments as a city commissioner shook down an FBI source for money to pay off Mayor Ed Lee's campaign debt, but it happens too often. Shut it down by adopting Los Angeles' law banning commissioners from fundraising.

Treat all those seeking City Hall favors the same as we do contractors — by banning contributions from those seeking development permits, variances, franchises, tax benefits and more. Just 10 percent of City Hall lobbying is about contracts, yet our law ignores the nine out of 10 seeking other favors. Our law last year applied to only 179 contract negotiations and turned a blind eye toward 1,529 lobbying contacts on permits and other benefits. Some recent examples even include money laundering as company executives seek to have employees contribute and then reimburse them.

Lock the back door used by City Hall officials to seek millions from special interests if it is for a "public good." In the last 24 months, \$10.7 million was given by special interests at the request of the mayor and various supervisors. Salesforce, negotiating its new tower, gave \$2.2 million. Ron Conway, whose interest in Airbnb is well known, gave \$1 million. Kilroy Realty, negotiating over the Flower Mart redevelopment and other projects, gave \$650,000. All that money came at the request of Lee, who identified himself as the city official asking for gifts for various projects 82 times in 24 months.

Ground the free trips for city officials paid by those seeking city influence. In the past 24 months, special interests paid \$81,000 for the travel of city officials to Dublin, Ireland, Panama City, Seoul, Jerusalem and other destinations. Among those paying for flights, hotels and meals were Uber, Airbnb and the Chamber of Commerce. As one developer who contributed to an Asia trip told the media, it gives to "influence in some way good or bad policies" and to "create a better environment" for doing business.

Extend the blackout period for contributions, gifts, etc., to 12 months from six months after seeking city official approvals. This is more realistic and follows the Los Angeles law. Treat violations as seriously as we do crimes of robbery, burglary and other holdups by locking up the city business of the violators. That means allowing for violators to be debarred from future or other city deals.

Put power in the hands of citizens by allowing for private-action lawsuits on violations when city officials can't or won't act. That's the law in Sacramento, Los Angeles and elsewhere but was dropped a decade ago from our city law.

The package of these proposed reforms was reviewed and drafting assistance came from the Campaign Legal Center in Washington, D.C., former Ethics Commission staff and commissioners, and was based on a civil grand jury recommendation and proposals from the Board of Supervisors' budget analyst.

The proposal also is based, in part, on the voter's will in a November 2000 ballot measure that called for an end of many of these practices, passed with 83 percent of the vote. Three short years later, those provisions were deleted from the law with little to no notice to the board or the public.

These proposals will correct that defect, end the soft corruption and come closer to reforming a City Hall that is too cozy with special interests.

Peter Keane is the chairperson of the San Francisco Ethics Commission. Larry Bush is the co-founder of Friends of Ethics.

<https://www.sfchronicle.com/opinion/openforum/article/San-Francisco-must-end-its-pay-to-play-practices-11015569.php>

SF corruption a game that's too easy to play

Editorial

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For a compelling argument in favor of the stricter anticorruption measures being considered by San Francisco's Ethics Commission, consider the unvarnished account of one city official.

"You pay to play here," Zula Jones, then a Human Rights Commission employee, told an FBI agent posing as a developer seeking access to Mayor Ed Lee. "We're the best at the game."

Jones' recorded comments were played in court this week during a hearing on bribery and money laundering charges against her, former Human Rights Commission member Nazly Mohajer, and former school board President Keith Jackson. The district attorney's office has charged Jones and Mohajer with soliciting \$20,000 in bribes from the undercover agent — allegedly the pay-to-play Jones alluded to — based on evidence collected in the federal case against convicted Chinatown racketeer Raymond "Shrimp Boy" Chow.

The court proceedings unfolded as the Ethics Commission prepared to consider a series of steps to rein in such behavior. Proposals to be taken up Monday include an apparently overdue ban on fundraising by members of city boards and commissions such as the one implicated in this case.

Ethics officials also advocate a reasonable expansion of pay-to-play restrictions prohibiting campaign contributions by city contractors to encompass those seeking other government privileges, such as building permits and zoning variances. In a recent Chronicle Open Forum piece, Ethics Commission Chair Peter Keane and Friends of Ethics co-founder Larry Bush noted that only one-tenth of city lobbying is in pursuit of contracts.

Keane and Bush also persuasively suggest restricting "backdoor" means of courting public officials, including free travel and the more than \$10 million in behested gifts that Lee and others have directed to various organizations over the past two years.

As a 2014 grand jury report on San Francisco ethics noted, "Groups interested in affecting city government action work continuously, adjusting their approach to the political season — sometimes campaign contributions, sometimes gifts and event tickets and travel, sometimes behested payments, and so on." It seems the city has made "the game," as Jones called it, too easy to play.

<https://www.sfbchronicle.com/opinion/editorials/article/SF-corruption-a-game-that-s-too-easy-to-play-11024070.php>

San Francisco Chronicle

SF court hears recorded phone calls in City Hall corruption case

Vivian Ho

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A series of recorded calls from wiretapped phones was played in Superior Court on Tuesday in the case against three former San Francisco officials accused of soliciting bribes for political favor and access to Mayor Ed Lee.

"You pay to play here. We know that. We're the best at the game," former Human Rights Commission staffer Zula Jones said to an undercover FBI agent in one call, played on the second day of the preliminary hearing for Jones, former Human Rights Commissioner Nazly Mohajer, and political consultant and former San Francisco school board President Keith Jackson.

The phone calls were picked up during an FBI investigation in the Raymond "Shrimp Boy" Chow racketeering case. Last year, Chow was convicted of conspiring to operate his Chinatown organization as a racketeering enterprise, ordering the murder of the organization's previous leader and conspiring to try to murder another rival.

The recorded calls paint a colorful and questionable portrait of the tit-for-tat underbelly of political dealings in City Hall.

Jones and Mohajer are accused of taking \$20,000 in contributions from the FBI agent, whom they knew as Mike King and who was posing as a real estate developer looking to further his business interests in a meeting with Lee.

Jones, Mohajer and Jackson were charged with four counts of bribery and one count of money laundering. Jackson, who was sentenced to nine years in state prison in connection to the federal racketeering case involving Chow, was also charged with grand theft of public money and campaign finance fraud.

In the recorded calls, Jones discussed accepting \$10,000 from King and breaking it into \$500 checks to pay off debts from Lee's 2011 election campaign while complying with San Francisco's limits on individual contributions.

"He's not the type to have a debt," Jones said in one call. "He's not a real politician. He's a bureaucrat. He's a professional."

She instructed King to get in touch with Mohajer, who told him to overnight the money to her office on the Embarcadero. Mohajer indicated in another recorded call that King would send another \$10,000, which King agreed to "as soon as I sit down with the mayor."

Mohajer told him they could break up the payment to bypass the city's political contribution limits, "but the problem is you know you can't talk to anybody about this," she said.

After this exchange, Jackson told King in another call that he would make sure "you are in the right place at the right time and you make the right connections."

The mayor has turned over \$1,500 in questionable contributions to the city's general fund. In a statement Tuesday, spokeswoman Deirdre Hussey said the federal judge in the Chow case "thoroughly vindicated Mayor Lee and said there 'was no evidence whatsoever' of wrongdoing.

"The mayor and his campaign fully complied with the law and his thousands of campaign contributions were thoroughly vetted," she said. "The Ethics Commission even conducted a comprehensive audit of the campaign's finances and determined there was full compliance." In between working out payments and scheduling meetings, the recorded calls also captured Jones talking about how Lee was a return to the old ways of political wheeling and dealing that flourished under former Mayor Willie Brown.

"We're getting our ducks back in a row," Jones said in one call. "For eight years, we've been sort of lost after Willie Brown left. But I told them this isn't reinventing the wheel. It's just getting it all back together."

She bragged that she was trained in these ways by Brown, as was Lee.

"Willie Brown was just the best mayor. ... He'd just let you loose," Jones said. "I'm just excited that Ed Lee, who also worked under the Willie Brown administration, is the mayor and knows what to do."

The preliminary hearing, which will determine if the case goes to trial, is expected to continue Thursday.

Vivian Ho is a San Francisco Chronicle staff writer.

<https://www.sfchronicle.com/bayarea/article/SF-court-hears-recorded-phone-calls-in-City-Hall-11018178.php>

San Francisco Chronicle

‘Shrimp Boy’ case leads S.F. mayor’s campaign to purge donations

Matier & Ross

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He can’t send them back, so Mayor Ed Lee has turned over to the city’s general fund \$1,500 in questionable contributions that were brought to light in the Raymond “Shrimp Boy” Chow racketeering case.

The checks were from a Human Rights Commission official and staffer who allegedly were caught on tape talking about a “pay to play” scheme with an undercover FBI agent. According to federal court filings in the case, the scheme involved taking a \$10,000 contribution from the agent and breaking it into \$500 checks for the mayor’s 2011 campaign, to abide by city limits on individual contributions.

Kevin Heneghan, campaign treasurer for both Lee’s 2011 and 2015 mayoral runs, sent a letter to the San Francisco Ethics Commission on Friday saying the Lee camp was purging three \$500 checks the mayor had received from former Human Rights Commissioner Nazly Mohajer and a former commission staffer, Zula Jones.

“It seems crystal clear that Zula Jones and Nazly Mohajer have engaged in improper activity targeting the mayor, and the mayor’s campaign has decided to donate the contributions they made to the city’s general fund,” Heneghan said.

The move came just days after attorneys for Chow, an alleged Chinatown gang leader, filed court papers asserting that the mayor engaged in pay-to-play politics. Lee likened the allegations to “reading a comic book” and said it was “not the way we run city government.”

Federal wiretaps disclosed by Chow’s attorneys indicate that Jones solicited \$10,000 from an undercover federal agent posing as an Atlanta businessman looking to land development and other deals in the city. Jones allegedly said the money would be chopped into legal-size chunks. She is quoted in one taped conversation with the undercover agent as saying, “Ed knows that you gave the \$10,000. ... Ed knows that you are the one who’s the big donor.”

Mohajer and Jones subsequently introduced the undercover agent to the mayor at a pair of meetings — though there is no indication the mayor offered any quid pro quo.

In February, after a citizen’s complaint was filed with the Ethics Commission raising questions about Mohajer’s fundraising activities and reappointment to the Human Rights Commission, the city’s then-ethics boss, John St. Croix, wrote a confidential letter to the complainant saying, “There is reason to believe a violation of law may have occurred.”

St. Croix added that the matter had been referred to the city attorney and district attorney, and “both offices have advised our office that they will investigate the matter.”

Lee’s campaign team said Friday that it can’t tell which other checks might be suspect and that federal prosecutors have not responded to its calls for help in identifying them.

In the meantime, \$500 checks from Mohajer and Jones from the 2011 campaign, and another \$500 check that Jones gave to the mayor for his re-election effort in November, have been turned over to the city’s general fund.

Mohajer and Jones could not be reached for comment. Neither has been charged with a crime.

<https://www.sfchronicle.com/bayarea/matier-ross/article/Shrimp-Boy-case-leads-S-F-mayor-s-6432444.php?t=6bf99db050&cmpid=twitter-premium>

San Francisco Chronicle

SF City Hall 'pay to play' bribery case ends in plea agreements by city insiders

By Bob Egelko

April 3, 2019

The City Hall bribery case that unearthed an insider's grim summary of political deal-making in San Francisco — "you pay to play here" — has ended in plea agreements for the two remaining defendants, with no jail time.

Lawyers confirmed Wednesday that Keith Jackson, a political fundraiser and former San Francisco school board president, had pleaded guilty in February to the two charges against him, both misdemeanors. Zula Jones, a former longtime staff member of the city's Human Rights Commission, pleaded no contest to a felony charge of bribery at the same hearing. Jones will be allowed to withdraw that plea and clear her record if she abides by the law through Dec. 20, when the next hearing is scheduled.

Jackson is already serving a nine-year prison sentence for his guilty plea to federal racketeering charges, in which he admitted arranging bribes from undercover agents to former state Sen. Leland Yee, D-San Francisco, and taking his own payoffs from agents to traffic in guns and drugs and arrange a supposed murder for hire. Yee also pleaded guilty and was sentenced to five years in prison.

Jackson was sentenced to six months for each of the two City Hall charges and will be given credit for them while completing his federal term. Jones' plea agreement allows her to avoid jail time. The charges arose from a meeting in 2012 in which Jones and Jackson allegedly agreed to accept \$20,000 from an FBI agent, posing as a real estate developer, to help then-Mayor Ed Lee pay off his campaign debt in exchange for favorable treatment. The agent secretly recorded a series of meetings with the defendants, and during one of them, Jones told him, "You pay to play here. We know that. We're the best at the game."

"It was an unfortunate choice of words, an unfortunate conversation to be having," Adam Gasner, a lawyer for Jones, said Wednesday. He said Jones "doesn't like the appearance (of influence-peddling) any more than anybody else," but stressed that although she admitted soliciting a bribe, "she never received any money, certainly never intended to promise award of any contracts." Gasner, who represented Jones with attorney Ben Rothstein, said his client, now in her 70s, had represented San Francisco "in an exemplary fashion" for her entire career. He said he believes she will be allowed to collect her city pension once the conviction is dismissed.

Jackson's lawyer, Niki Solis, a deputy San Francisco public defender, could not be reached for comment.

Jackson and Jones were initially charged with a series of felonies, including money laundering. But after an extensive hearing, a judge dismissed most of those charges in September 2017 and threw out all charges against another former Human Rights Commission member, Nazly Mohajer. That ruling “substantially changed the posture of this case,” Alex Bastian, a spokesman for District Attorney George Gascón, said Wednesday when asked about the plea agreements.

The case could lead to changes in San Francisco’s laws on political contributions. Advocates of limiting commercial development responded to the disclosures by sponsoring an initiative to prohibit contributions from developers to city officials who approve the projects, and the Board of Supervisors has voted to place the proposal on the November ballot.

The goal is “to prevent this from reoccurring,” said Jon Golinger, a lawyer and supporter of the measure. He said the case against Jackson and Jones “exposed the not-so-hidden secret around City Hall for the 20 years I’ve been an advocate. That is the way big development projects, and sometimes small ones, get pushed through.”

Golinger said he was disappointed that the criminal case was resolved without going to trial, and in sentences that he described as “not much of a deterrent.”

Lee, who died in December 2017, was not accused of any lawbreaking. The FBI sent the same undercover agent and a colleague, both posing as businessmen, to meet with Lee in April 2012, where the agents discussed a proposal for residential construction and spoke of their need for tax incentives. But the agent later reported that the mayor had given no indication he was aware of the previous campaign donation.

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<https://www.sfchronicle.com/bayarea/article/SF-City-Hall-pay-to-play-bribery-case-ends-13739572.php#article-comments>