

I, Michael Brown, a duly authorized peace officer employed by the Santa Clara County District Attorney's Office, offer the following declaration as a synopsis of the official reports, documents, and continuing investigation of the above-numbered case involving public deception by a public official - the filing of false statements, perjury, and misappropriation of public funds by George Shirakawa Jr. Assisting me in this investigation is Fair Political Practices Commission (FPPC) Special Investigator Simon Russell.

I have reviewed all mentioned FPPC documents and associated bank accounts including automatic teller transactions. I have reviewed all Santa Clara County P-Card claims by Shirakawa as well as trip expense vouchers. I have interviewed many of Shirakawa's friends and staff. I have read pertinent County policies and training documents.

George Michael Shirakawa, Jr. (hereinafter "Shirakawa") is currently a member of the Santa Clara County Board of Supervisors. Shirakawa was first sworn in as a member of the Board on January 5, 2009. He has conducted many campaigns in Santa Clara County, a few are the subject of this investigation.

My investigation revealed that in the last five years, Shirakawa moved more than \$130,000 in and out of campaign accounts and public money accounts for personal purpose.

First, Shirakawa frequently engaged in gambling,¹ an activity that was supported in part by campaign contributions. He hid his misuse of campaign contributions from the public by filing false campaign statements or simply by failing to file such statements. The deception was prolonged because the Santa Clara County Registrar of Voters failed to alert law enforcement of Shirakawa's failure to file legally-mandated campaign statements.

Second, a series of Public Record Act requests revealed that Shirakawa used public funds to host non-business related parties for staff, golf for personal purpose, take trips to casinos, enjoy expensive meals with alcohol and donate to the political party of his choice. His misappropriation of public funds was not readily apparent because (1) Shirakawa refused to submit timely and detailed receipts to the Santa Clara County Finance Agency coupled with (2) infrequent and cursory County audits.

¹ Gambling is a legal activity in the state of Nevada and at designated casinos in California such as Thunder Valley (30 miles from Sacramento) or Cache Creek (40 miles from Sacramento).

FALSE CAMPAIGN FILINGS SIGNED UNDER PENALTY OF PERJURY AND FAILURE TO FILE CAMPAIGN CONTRIBUTION STATEMENTS

The California Political Reform Act² mandates in pertinent part the following from candidates and holders of public office: (1) periodic public filings of campaign statements which include the total amount of contributions and loans received and the total amount of expenditures made; (2) maintenance of detailed campaign statements; (3) verification of statements under penalty of perjury by the candidate; and (4) prohibition of cash contributions of \$100 or more.³ All campaign statements are public records which must be filed in a public office⁴.

The periodic campaign statements are commonly referred to as “460” statements because the FPPC reporting form is entitled “California Form 460.” All of his campaigns which were subject of the investigation had designated treasurers.⁵ Shirakawa’s Chief of Staff verified that Shirakawa made the following statement in reference to his campaign filings, “You always have a treasurer in name, and they do a little help. Some people have a treasurer, but I like doing as much as I can, because it’s my responsibility. Plus I like doing it.”

For purposes of simplicity the multiple bank accounts associated with campaigns will have the following designations:

Name of Campaign	Election Year	Campaign Bank Account	Designation
George Shirakawa for School Board	2002 2006	Bank of America xxxx5054 Closed 2009	“SchB Account”
Shirakawa for Supervisor	2008	WaMu/Chase xxxx8964 Opened December 2007 Closed September 2010	“BoS ‘08 Account”
Shirakawa for Supervisor	2008	Wells Fargo xxxx1973 Opened September 2010 Closed end of 2012	“Slush Fund” ⁶
Shirakawa for Supervisor 2012	2012	Bank of America xxxx3310 Opened January 2012 Closed November 2012	“BoS ‘12 Account”
Shirakawa for Supervisor 2012	2012	Wells Fargo xxxx4157 Opened December 2012	“BoS ‘12 Closing”

² Government Code section 81002 explains that an express purpose of the California Political Reform Act is to ensure that contributions and expenditures in campaigns are fully and truthfully disclosed, so that voters may be fully informed and improper practices inhibited.

³ Government Code section 84300

⁴ Santa Clara County has a Registrar of Voters which is the public office that accepts campaign reports.

⁵ Government Code section 84100 requires a treasurer and that no expenditure be made without authorization of the treasurer. Further no contributions should be accepted or expenditures made when there is no treasurer.

⁶ “Slush fund (noun) “Money earmarked for a loosely defined, but legitimate, purpose that is instead surreptitiously used for an illegitimate purpose.” [Investopedia](http://www.investopedia.com).

In December 2012, January 2013 and February 2013, the above-mentioned bank account records were obtained by the FPPC pursuant to administrative subpoenas.

**East Side Union High School District Board of Trustees Campaign
“George Shirakawa for School Board,” ID #1247962.**

Shirakawa filed false and seemingly forged documents under penalty of perjury with the Registrar of Voters in connection with his 2006 School Board campaign.

In 2002 Shirakawa was elected to the East Side Union High School District Board of Trustees and took office in 2003. In 2006, Shirakawa was re-elected to East Side Union High School District Board of Trustees. He filed 2002 campaign statements with the Santa Clara Registrar of Voters under the ID # 1247962. The 2006 campaign had the same name and same ID #1247962. The treasurer assigned to both campaigns was listed as Paz Rocha⁷. An associated Bank of America account (“SchB Account”), “George Shirakawa for School Board,” held contributions and expenditures of the 2002 and then the 2006 School Board campaigns. The “SchB Account” was closed in April 2009; the final campaign 460 statement was filed, delinquent, three years later in 2012.

Shirakawa was aware of his filing responsibilities for the two School Board campaigns. Between May 2008 and June 2012, the Santa Clara County Registrar of Voters sent sixteen (16) reminder letters to Shirakawa at his home address telling him he was delinquent in filing campaign statements for “George Shirakawa for School Board.” The letters emphasized that his “immediate attention” was required. Eleven (11) of those reminder letters indicate they were sent by certified mail. In August 2009, a certified letter was sent to Shirakawa explaining that he owed a fine of \$1,820 for a late filing. In October 2012, the matter was referred to the Santa Clara County Department of Revenue for collection.

Count 1 Perjury

The campaign 460 statement “George Shirakawa for School Board,” covering the period January 1, 2008 through June 30, 2008, was filed on January 13, 2009 and signed by Shirakawa under penalty of perjury. The balance in “SchB Account” “George Shirakawa for School Board” was overdrawn. The campaign 460 statement, “George Shirakawa for School Board,” signed under penalty of perjury falsely reported a balance of \$12,399.49.

Following the false report of \$12,399.49 balance, Shirakawa infused “SchB Account” with cash bringing the balance up. The campaign 460 statement, “George Shirakawa for School Board,” covering the period July 1, 2008 through December 31, 2008, was filed on August 3, 2009⁸ and amended on September 26, 2012. The statement was filed and

⁷ Paz Rocha had also been his treasurer for a 1992 race for the Franklin-McKinley School Board which was not the subject of the current investigation. The 1992 campaign was entitled “Committee to Elect George Shirakawa Jr.”

⁸ In 2008 Shirakawa was also running for Santa Clara County Board of Supervisors and had a campaign account open for that Supervisorial race.

signed under penalty of perjury by George Shirakawa and “Paz Rocha.” A review of “SchB Account” “George Shirakawa for School Board” shows transactions and cash deposits (source unknown) which were never disclosed on the campaign 460 statement. The table below illustrates that a cash infusion was necessary to substantiate the false statement from the prior reporting period and legitimize the political contributions for the July to December 2008 reporting period.

Campaign 460 Statement 7.01.08 to 12.31.08	B of A (SB Account)	Deposit	Transaction
Not reported	07.08.08	\$5,000 (cash)	
Not reported	07.12.08		\$24.50 (cash) Stateline Nevada
Not reported	07.13.08		\$504.50 (cash) Stateline Nevada
Not reported	07.18.08		\$102.00 (cash) Vacaville
Not reported	07.18.08		\$400.00 (cash) Woodland
Not reported	07.19.08		\$500.00 (cash) Roseville
Not reported	07.20.08		\$500.00 (cash) Roseville
Not reported	07.21.08	2,500 (cash)	
Reported	07.23.08		\$4,000 (check) Re-Elect Lan Nguyen
Not reported	07.25.08		\$1,000 (check) Coyote Creek Football
Not reported	07.27.08		\$503.00 (cash) Thunder Valley
Not reported	07.27.08		\$1000.00 (cash) Roseville
Not reported	07.28.08	3,000 (cash)	
Not reported	07.28.08		\$1,503.00 (cash) Thunder Valley
Reported	07.30.08		\$5,000.00 (check) Eddie Garcia for School Board
Not reported	07.31.08	6,000 (cash)	
Not reported	08.10.08		\$500.00 (cash) Woodland
Not reported	08.11.08		\$504.00 (cash) Cache Creek
Not reported	09.25.08	1,020 (cash)	
Reported	09.25.08		\$500.00 (check) Lizandro Carrasco for School Board
Not reported	09.29.08	500 (cash)	
Not reported	09.29.08		\$500.00 (check) Billy DeFrank
Not reported	10.10.08		\$500.00 (check) Don Rocha for Governing Board Member
Totals		\$18,020.00	\$17,541 (checks and cash withdrawals)

Count 2 Perjury based on irregular signature.

In addition to the above false filings, there is evidence of a forgery. Paz Rocha stated that he recalled signing only a few documents toward the beginning of Shirakawa's campaign for School Board in 2002. He was shown a copy of the FPPC Form 410 initiating the committee to elect "Shirakawa for School Board." Rocha verified that this appeared to be his signature. Rocha stated that he really did not know what he was signing and did not

know any legal responsibilities he may have had regarding his role as treasurer to "Shirakawa for School Board."

Rocha never handled any of the monies associated with this campaign. He also never saw a bank account statement or handled check books associated with this campaign and assumed that Shirakawa was handling all financial aspects of any account related to "Shirakawa for School Board."

Rocha was asked if he ever gave anyone permission to sign his name to any documents related to a "Shirakawa for School Board" campaign. He stated that he may have given Shirakawa permission early in the campaign, but not in recent years. Rocha expressed surprise when told that a bank account remained open past Shirakawa's election to the School Board. Once the election was over Rocha thought that the bank account would have been closed.

Rocha was also shown copies of FPPC Form 460 related to reporting of expenditures filed in November 2005. He stated that the signature appeared to be his, but indicated that he did not remember specifically signing the document. Rocha was shown copies of approximately fifteen 460 forms filed from August 2006 to September 2012. He stated that the signatures indicating "Paz Rocha" were not signed by him. Rocha also stated that he did not give anyone permission to sign his name on these documents [filed after 2005].

The Crime Laboratory found that the questioned signatures were "not the free and natural signatures" of the signatures Rocha identified as his. No matter who signed Rocha's name to the documents, Shirakawa signed these documents under penalty of perjury that a treasurer had had used reasonable diligence in preparing the campaign statements. Shirakawa knew that Rocha had not acted as a bona fide treasurer.

**Santa Clara County Board of Supervisors Campaign 2008
"Shirakawa for Supervisor," ID # 1302378.**

Shirakawa also filed false documents under penalty of perjury with the Registrar of Voters in connection with his 2008 Board of Supervisors Campaign. Other campaigns statements were never filed and therefore not accessible to public view as Shirakawa has yet to close the account or file all campaign 460 statements.

Shirakawa was first elected to the Santa Clara County Board of Supervisors (District 2) in 2008 and took office in January 2009. He held a campaign fund under the name "Shirakawa for Supervisor." He filed the 2008 campaign statements with the Santa Clara County Registrar of Voters under the ID # 1302378. The candidate, by law, is responsible for the filing of honest and accurate campaign 460 statements.⁹

On November 5, 2007, Shirakawa signed a statement of acknowledgement of County Ethical Standards, "I, as a candidate for Board of Supervisors or treasurer for a candidate for Board of Supervisors, acknowledge that I have received from the Office of the

⁹ Government Code section 84100

Registrar of Voters a copy of Santa Clara County Ordinance Division A-3. ‘Ethical Standards for the Board of Supervisors.’ I also acknowledge that I have read and understood the code and I agree to be bound by its terms.”

Shirakawa made two loans totaling \$78,100 to this campaign.

Count 3 Perjury

FPPC requires one primary bank checking account for each campaign.¹⁰ The candidate notifies the Secretary of State of that primary account with the initial filing of a FPPC 410 form. In December 2007, Shirakawa filed an amended 410 form which listed “BoS ‘08 Account” which was open from 12.07.07 to 9.13.10; the table below cites unreported expenditures financed by campaign contributions. For the reporting periods listed, Shirakawa asserted, under penalty of perjury, that the information in the statements was true and correct even though the statements did not include the below listed transactions.

Campaign 460 Reporting Period	Date 460 Statement Filed	Example of <u>Unreported</u> Casino Transactions Supported by Campaign Contributions
01.01 to 06.30.09	09.27.12 Registrar & electronic	January (in addition to County staff retreat), February, March, April, May and June 2009 - casino transactions approximately \$36,000 (in addition to \$14,000 loan repay reported)
10.19 to 12.31.08	02.02.09 Registrar 02.07.09 electronic 09.13.12 amended	November and December - casino transactions approximately \$5,500 (in addition to reported \$8,000 loan repay)
07.01 to 09.30.08	10.06.08 Registrar & electronic	July, August and September – casino transactions approximately \$34,000 (in addition to reported \$5,000 loan repay)
05.18 to 06.30.08	08.01.08 Registrar 08.02.08 electronic	May and June – casino transactions –casino transactions approximately \$20,000

During the 2012 investigation, the FPPC learned of a second associated bank account, “Slush Fund,” which was open from 10.5.10 to December 2012.¹¹ Both “BoS ‘08 Account” and “Slush Fund” were entitled “Shirakawa for Supervisor.”¹²

¹⁰ Government Code sections 84102 and 85201

¹¹ Four years after the conclusion of the 2008 campaign, in December 2012, when he was under investigation by the District Attorney and FPPC, Shirakawa filed an amended 410 form which reported a BoS ‘12 Closing. That account, which appears to have been opened by his lawyer, is not relevant to the crimes described herein.

¹² In 2012, Shirakawa collected contributions for 2008 campaign (“Slush Fund”) as well as the 2012 campaign (“BoS ‘12 Account”).

Failure to File Campaign Statement Documents

Campaign 460 semiannual statements must be filed no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31.¹³ For pre-election statements (1) for the period ending March 17, a statement must be filed no later than March 22 and (2) for the period ending 17 days pre-election, the statement must be filed no later than 12 days before the election.¹⁴ And contributions over \$1,000 collected after May 20 must be reported before the election.¹⁵

Counts 6 through 11 Shirakawa was aware of his reporting responsibilities and deadlines yet he ignored those legal responsibilities in order to hide his mishandling campaign money. The Santa Clara County Registrar of Voters sent Shirakawa the following reminder letters for his failure to file all campaign statements, as required by County Ordinance as well as the Government Code. A member of Shirakawa's staff also has stated that the Registrar called Shirakawa's office on more than one occasion. In November 2012, a certified letter was sent to Shirakawa explaining that he owed a fine of \$11,540.00 for a late filing. The matter was referred in 2012 to the Santa Clara County Department of Revenue for collection.¹⁶ As of this writing, Shirakawa has failed to file eight (8) campaign 460 statements in connection with the 2008 campaign and failed to pay Santa Clara County Department of Revenue. The Table below details the letters sent to Shirakawa by the Registrar of Voters.

Counts	Date of Reminder Letter to File 460	Campaign 460 Reporting Period	Original Due Date	Date Campaign 460 Statement Date Filed
	08.26.09	01.01.09 – 06.30.09	07.31.09	09.27.12
	09.23.09	01.01.09 – 06.30.09	07.31.09	09.27.12
6	09.16.10	01.01.09 – 06.30.09	07.31.09	09.27.12
7		07.01.09 – 12.31.09	02.01.10	Remainder not filed
		01.01.10 – 06.30.10	08.02.10	
6	01.18.11	01.01.09 – 06.30.09	07.31.09	09.27.12
7		07.01.09 – 12.31.09	02.01.10	Remainder not filed
		01.01.10 – 06.30.10	08.02.10	
10	03.01.11	07.01.10 – 12.31.10	01.31.11	Not filed
6	06.20.12	01.01.09 – 06.30.09	07.31.09	09.27.12
7		07.01.09 – 12.31.09	02.01.10	Remainder not filed
8		01.01.10 – 06.30.10	08.02.10	
9		07.01.10 – 12.31.10	01.31.11	
		01.01.11 – 06.30.11	08.01.11	
10		07.01.11 – 12.31.11	01.31.12	
	10.05.12	01.01.09 – 06.30.09	07.31.09	09.27.12

¹³ Government Code section 84200

¹⁴ Government Code section 84200.7

¹⁵ Government Code section 84203

¹⁶ Shirakawa has accumulated \$13,360 in fines that are presently owed to the Santa Clara County Department of Revenue.

	10.12.12			None filed
6	Semi-Annual	07.01.09 – 12.31.09	02.01.10	
7	Semi-Annual	01.01.10 – 06.30.10	08.02.10	
8	Semi-Annual	07.01.10 – 12.31.10	01.31.11	
9	Semi-Annual	01.01.11 – 06.30.11	08.1.11	
10	Semi-Annual	07.1.11 – 12.31.11	01.31.12	
11	Pre-Election	01.01.12 – 03.17.12	03.22.12	
	Pre-Election	03.18.12 – 05.19.12	05.24.12	

A review of “BoS ‘08 Account,” for years 2009 and 2010, shows campaign checks and cash being deposited, followed by multiple and consistent expenditures, throughout the year, in casinos and for personal purpose such as cash, clothing and dining.

“Slush Fund” was opened by Shirakawa in 2010, the only authorized signatory. Shirakawa did not file the required FPPC 410 form for “Slush Fund” with the Secretary of State. A review of “Slush Fund” from September 2010 until December 2012, shows Shirakawa regularly deposited campaign contributions, followed by multiple and consistent expenditures in casinos and for personal purpose. These activities have been hidden from the public because Shirakawa did not file campaign 460 statements for “Shirakawa for Supervisor” during this period. The “Slush Fund” and BoS ‘08 together took in contribution checks made out to “Shirakawa for Supervisor. Approximately \$100,000 went to casino expenditures followed by Shirakawa’s attempt to repay the campaign fund. Shirakawa was never able to make the campaigns whole.

Count 12 Cash Transactions

In addition to the cash deposited into “SchB Account,” between January 2009 and July 2012, Shirakawa withdrew approximately \$24,000 in cash (currency) from “BoS ‘08 Account” and “Slush Fund.” These withdrawals were not made at casinos. He also deposited approximately \$4,500.00 in cash (currency) into the accounts.

Santa Clara County Board of Supervisors Campaign 2012 “Shirakawa for Supervisor 2012,” ID # 1344370.

Shirakawa also filed false documents, under penalty of perjury, with the Registrar of Voters in connection with his 2012 Board of Supervisors Campaign. Other statements remained hidden from public view as Shirakawa has refused to date to file a complete set of campaign 460 statements.

Shirakawa ran again for County Supervisor in 2012 (District 2) and was unopposed; he won in the June 2012 primary. Shirakawa began his second term in January 2013. Shirakawa opened his 2012 campaign under the name “Shirakawa for Supervisor 2012;” he filed some 2012 campaign statements with the Santa Clara Registrar of Voters under the FPPC # 1344370.

On January 30, 2012, Shirakawa signed a statement of acknowledgement of County Ethical Standards, “I, as a candidate for Board of Supervisors or treasurer for a candidate for Board of Supervisors, acknowledge that I have received from the Office of the Registrar of Voters a copy of Santa Clara County Ordinance Division A-3. ‘Ethical Standards for the Board of Supervisors.’ I also acknowledge that I have read and understood the code and I agree to be bound by its terms.”

Count 4 Perjury

FPPC requires one primary bank checking account for each campaign. The candidate notifies the Secretary of that primary account with the initial filing of a FPPC 410 form. In February 2012, Shirakawa filed an amended 410 form which listed no bank account. Six months after the conclusion of his campaign, in December 2012, while under investigation, Shirakawa filed an amended 410 form which listed for the first time, “BoS ’12 Closing Account.” During an investigative audit, the FPPC discovered “BoS ’12 Account” which had been open from 1.31.12 to 11.30.12.

“BoS ’12 Account” was open during the same period of time that “Slush Fund” was open; during 2012, Shirakawa used “Slush Fund” for personal purposes and allowed his treasurer to use “BoS ’12 Account” for personal purposes.

Below are examples of unreported and inaccurate representations, made under penalty of perjury by Shirakawa, which in part prove the filed campaign 460 statement to be false and misleading to the public. Between January 2012 and May 2012, his treasurer was paid \$7,500 for her services. However, unreported during that same period were the serial transfers of money, in excess of \$5,000, which he allowed her to transfer to a personal checking account.

Campaign 460 Reporting Period	Filing Date	Example of Unreported Transactions Supported by Campaign Funds
01.01 to 03.17.12	03.29.12	Unreported cash withdrawals and meals
03.18 to 05.19.12	08.10.12	Unreported deposits and cash withdrawals Unreported transfers of money to treasurer’s private account (in addition to her salary)
05.20 to 06.30.12	08.11.12	Unreported “loan” \$2,135.00 for rent Unreported transfers of money and withdrawals to treasurer’s private account.

In connection with “Shirakawa for Supervisor 2012,” Shirakawa filed false campaign 460 statements, which he signed under penalty of perjury.

Failure to File Campaign Statement Documents

Shirakawa was aware of his reporting responsibilities and deadlines yet he ignored those legal responsibilities in order to hide his mishandling campaign money. The Santa Clara County Registrar of Voters sent Shirakawa the following reminder letters for his failure to file all campaign statements, as required by County Ordinance, as well as the Government Code.

Date of Reminder Letter to File 460	Campaign 460 Reporting Period	Original Due Date	Date 460 Statement Filed
06.20.12	03.18.12 – 05.19.12	05.24.12	08.10.12
09.28.12	03.18.12 – 05.19.12	05.24.12	08.10.12
09.28.12 (sic)	05.20.12 – 06.30.12	07.31.12	08.11.12

A review of the “BoS ‘12 Account” “Shirakawa for Supervisor 2012” bank account shows continued unreported cash withdrawals. These activities have been hidden from the public because Shirakawa has not filed all 2012 campaign 460 statements.

MISAPPROPRIATION OF PUBLIC FUNDS BY AN ELECTED OFFICIAL

As a public official, Shirakawa was aware of the high responsibility he had to use public funds only for public business. Any use of public funds for a personal purpose, even as a loan, is forbidden by law.¹⁷

In December 2008, before taking office, Shirakawa attended a two-hour ethics training; included was an education of the prohibitions against the use of public resources for personal or political purposes. In May 2010, Shirakawa attended a two-hour course on government ethics; included was an education regarding the prohibitions against the use of public resources for personal or political purposes. In April 2012, Shirakawa attended another two-hour ethics training; included was an education of the prohibitions against the use of public resources for personal or political purposes.

Count 7 P-Card Misuse

Santa Clara County has a procurement card (P-Card) program that allows designated employees to make direct purchases using the public funds that are available through a credit line. In January 2009 George Shirakawa was personally given personal P-Card training. In June 2009 he signed a cardholder acknowledgement of his responsibility; he promised in pertinent part, “I agree to use the County P-Card for official County business transactions only.” The training emphasized that a card holder must obtain and keep itemized receipts. Information provided emphasized that the P-Card cannot be used for casinos, political organizations, or alcohol, among other listed non-County-business expenses.

Shirakawa was given a P-Card upon taking office and his office manager was also given a P-Card. When that manager left in 2011, another staff person was designated to use the P-Card for District 2 for County-business expenses. His Chief of Staff was designated as the approving officer for all P-Card purchases made by Shirakawa or his staff.

From January 2009 through October 2012, in addition to County business transactions, Shirakawa nonetheless used his P-Card for personal purpose. He deliberately failed to provide detailed receipts which would have shown his actual spending and purpose.

¹⁷ Penal Code sections 424(a) 1 and 424(a) 2.

Shirakawa misrepresented his activities repeatedly from January 2009 through December 2012 on the submission of incomplete, misleading or false County forms entitled “non-travel business meal expense vouchers” and “missing receipt memorandums.”

In September 2009 Shirakawa’s P-Card was subject to a cursory audit by a Santa Clara County Finance Agency accounting assistant who reviewed the **P-Card transactions of Shirakawa from January through June 2009**. The auditor told Shirakawa that there were missing business-meal-expense vouchers, missing original-and-detailed meal receipts, and incomplete “missing receipt memos.” The criticisms were followed by template language that the records were well organized and maintained. Without interviewing witnesses or reviewing private bank records, the Auditor had no way of knowing the following:

- Shirakawa accessed public money through P-Card for the purpose of hosting a party for staff ;
- While the County paid for Shirakawa’s Sacramento hotel room and attendance at a work-related conference from May 26 through May 29, he spent some of his time in or around Nevada casinos on May 26. Sheraton Hotel records indicate he checked in on May 26 at 12:31 a.m.; he departed on May 27, only to check back in at 11:48 pm on the same day. On the 28th, he drove back to San Jose for a scheduled meeting followed by a party charged to the P-Card for \$94.88., He then returned to Sacramento and another took another trip to a casino in the afternoon of the 29th. (Some of the casino expenditures came from campaign accounts.)
- In 2009, a District 2 office manager, trying to prepare the monthly P-Card account, asked Shirakawa for itemized receipts; he didn’t provide them and said, “Nobody needed to know whether he was eating a steak or having a salad.” The manager continued to ask Shirakawa for the itemized receipts and then she asked his Chief of Staff who said he “would take care of it.” Neither Shirakawa nor the Chief of Staff ever presented her with itemized receipts.

In February 2010, Shirakawa’s P-Card was subject to a cursory audit by a Santa Clara County Finance Agency accounting assistant who reviewed the **P-Card transactions of Shirakawa from July through December 2009**. The auditor again told Shirakawa that there were missing business-meal-expense vouchers, missing original-and-detailed meal receipts, and incomplete “missing receipt memos.” The criticisms were followed by template language that the records were well organized and maintained. The auditor made no mention of his use of the P-Card at a hotel casino. Without interviewing witnesses or reviewing private bank records, the Auditor had no way of knowing the following:

- Shirakawa accessed public money through P-Card for the purpose of hosting staff parties;
- While in San Diego for a one day tour of ambulance company Rural Metro, Shirakawa accessed public money through P-Card for additional personal use of a rental car (257 miles) at a cost of \$449.88.

From **January 2010 through June 2010**, Shirakawa accessed public money through the P-Card for staff parties and meals with friends. My investigation found no evidence of an audit during this period. No one from the County knew the following:

- Shirakawa spent time in a Sacramento hotel on March 25 at taxpayer's expense (for no verifiable County purpose); he also spent hours at Cache Creek, Thunder Valley and Harrah's Reno between March 24 and March 29.

In May 2011, Shirakawa's P-Card was subject to a cursory audit by a Santa Clara County Finance Agency accounting assistant who reviewed **the P-Card transactions of Shirakawa from July through December 2010**. The auditor did not note that Shirakawa continued to have missing business meal expense vouchers and "missing receipt memos" lacking proper signatures. In fact Shirakawa did continue to have missing business meal expense vouchers and missing receipt memos. There was a minor criticism about use tax on a \$441.51 Wheel of Fortune which Shirakawa purchased for community outreach. The minor comment was followed by template language that the records were well organized and maintained. There was no mention of his P-Card charge to a casino. Without interviewing witnesses or reviewing private bank records, the Auditor had no way of knowing the following:

- Shirakawa accessed public money through the P-Card for (1) two lunches with his former political consultant who was simply trying to collect a debt from Shirakawa and was in no way conducting County business.
- Shirakawa accessed public money through the P-Card for the purpose of throwing parties for staff members.

Regarding the time period between **January 2011 and December 2012**, my investigation found no evidence of an audit until the late 2012 global audit that was conducted after the media brought Shirakawa's spending habits to light. From January 2011 to December 2012, Shirakawa filed for personal bankruptcy and increased his P-Card misuse. Shirakawa accessed public money through the P-Card for the following:

- Rental of a luxury vehicle for personal purpose (\$408.72). Interviews with staff indicate that Shirakawa was experiencing problems with his personal vehicle around that time;
- Payments to his political party (\$175.00);
- Purchase of a golf trip (\$1,063.18) to Henderson, Nevada;
- Rental of a vehicle for personal purpose (\$1,000.58);
- Charges at a casino;
- Parties for his staff (more than \$1,000);
- Traveling to Harrah's Rincon and attending a political convention in San Diego (\$1,875.84);
- Meals with alcohol including an alcohol bar tab of over \$100 while in Washington DC and a local "staff lunch" (\$470.94) at 6:19 pm with alcohol;
- Personal use of a rental (\$703.71) car to drive to Lincoln, California and Thunder Valley;

- Use of a rental car to go to Silver Legacy Casino in Reno while on a business trip to Sacramento (\$869.01);
- Purchase of local golf outing (\$98.00);
- Purchase of a hotel room for a gambling trip to Cache Creek (\$106.50);
- Gift of a hotel room for which the County paid over \$500.00.

In December 2012, **the County completed an audit of Shirakawa's P-Card use between January 2009 and September 2012.** Most of the above examples of misappropriation of public funds, and others, were uncovered. Some went undetected because individuals were not interviewed and the County did not have the original receipts such as one for the 2012 dinner in Washington DC which included a large alcohol bill. Others went undetected for unknown reasons such as "District 5 United" a volunteer community group that received a direct payment of \$1,200 from Shirakawa in August 2012 and proactively elected to reimburse the County in February 2013.

Reimbursements

By law, repayment of public funds does not excuse a misappropriation of public funds. Before the extensive 2012 audit of Shirakawa's P-Card use, Shirakawa sometimes used the P-Card as a short-term loan for personal purposes. He promised office managers to reimburse for non-County-business expenses, yet the reimbursements were delayed by Shirakawa for months. A few checks eventually given to the County appeared to be back-dated. By borrowing from public funds for personal purpose, Shirakawa received an interest-free loan, thereby avoiding the type of interest rates that would have been charged on his personal credit card. The table below reflects the dates of Shirakawa's actual reimbursement or payment of loan next to the date the public funds were used.

#

#

#

#

#

#

#

#

Date Expense Incurred	Reimbursement Deposit Date	Check Date	Public Funds Expended	Public Fund Expense
09.06.10	05.12.11	05.04.11	20.46	Harvey's casino
11.15.10	06.14.11	06.02.11	338.43	National car rental
02.17.11	10.27.11	06.21.11	408.72	National car rental
04.02.11	10.20.11	10.06.11	83.36	Extra night hotel
07.16.11	10.27.11	10.20.11	1,000.58	Enterprise rental car-Sacramento trip
10.07.11	10.08.12	10.08.12	479.40	Southwest Air
10.08.11	10.08.12	10.08.12	583.78	Revere Golf on
01.01.12	10.08.12	06.20.12	213.00	Hilton Garden Inn
02.12.12	10.08.12	06.24.12	1,875.84	CA Democratic Party \$195.00 on 02.12.12 & Southwest air \$463.60 on 02.08.12; Old town Mexican Café \$105.11 on 02.11.12; Marriott \$ 688.60 on 02.13.12; National Car Rental \$423.53 on 02.12.12
03.14.12	10.08.12	06.20.12	18.00	National car rental, San Diego trip on 03.14.12
04.09.12	10.08.12	06.25.12	703.71	National car rental
05.29.12	10.16.12	10.11.12	869.01	Enterprise rental car
06.17.12	10.16.12	10.11.12	211.94	Hilton Garden Inn, Sacramento trip
06.17.12	10.16.12	10.11.12	133.28	Hilton Garden Inn, Sacramento trip
06.22.12	10.16.12	10.11.12	12.00	Parking fee
08.02.12	10.16.12	10.10.12	98.00	Los Lagos golf course
		Subtotal:	7,049.51	
			Paid during or after 2012 audit	
02.17.12	12.03.12	11.26.12	18.75	Liquor charge on 02.17.12's meal
02.17.12	12.04.12	12.03.12	4.25	Liquor charge on 02.17.12's meal
05.01.11	12.04.12	12.03.12	175.00	Democratic State Convention
09.13.09	12.24.12	12.20.12	5.00	Rio Suites, Las Vegas, NV
		Subtotal:	203.00	
		Total	7,252.51	

As of this writing, Shirakawa has reimbursed Santa Clara County for \$7,049.51 for non-business expenses charged to his P-Card. Santa Clara County has demanded additional repayment. The County has concluded that Shirakawa owes an additional \$6,812.09 for prohibited purchases or loans improperly charged to the P-Card.

The County allows each Board Member to spend up to \$3,000 per fiscal year on non-travel meals; in 2012 Shirakawa surpassed this limit by nearly \$1,000. Although many of the P-Card purchased meals were not mentioned in the audit and were purely social in nature, those are not mentioned herein because the \$3,000 expense limit was considered.¹⁸ When the local newspapers wrote about Shirakawa's non-County-business

¹⁸ Santa Clara County Ordinance No NS- NS 20.13, AO1 says in pertinent part that a member of the Board of Supervisors shall be entitled to receive, "actual necessary expenses for meals and other reasonably related business expenses to the Board Member or his/her designee, to attend business meetings with appointed or elected officials, official guests of the County, citizens, community groups, media representatives or other similar persons." The County does not allow the use of public funds for social functions during normal working hours other than light refreshments.

expenditures, many of Shirakawa's friends and nonprofit organizations proactively reimbursed the County for approximately \$3,800.00. One friend said, "Though I had no knowledge the expenditure was being paid for by the taxpayers, I believe returning the money to the County is the morally right thing to do." Another friend who was treated to at least five meals, called Shirakawa and said, 'Look, we're gonna reimburse the County. We didn't know.'" Shirakawa responded, "No, I understand. You got to do what you got to do."

Michael Brown

Date