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Date: 3/28/19 6:05 PM (GMT-05:00)

To:

Subject: Letter to my friends re: auditor report

Dear Friends:

By now you have probably heard of a report by the California State Auditor that is highly critical of my tenure as Director at the Department of Industrial Relations, based primarily on allegations that I engaged in nepotistic favoritism toward my daughter Julianna and my brother Jim.

Jim was a high-level executive at the department long before my appointment as director, and when I was appointed I went directly to the Labor Agency to which I reported to arrange, with the Agency's approval, that Jim would report to the Agency and not me.

I also reported to the Labor Agency at the time that Julianna was being hired by the departments Division of Labor Standards Enforcement (DLSE), to make sure they were aware and approved of that hire. I was completely transparent and tried to hide nothing, but the audit report makes no mention of that.

I would note the audit, after what is now revealed to be a more than THREE year-long investigation, makes no actual findings related to Jim other than innuendo.

Unfortunately, there was enormous and disproportionate attention paid to Julianna's employment in entry-level positions with the 3,400 person department. In addition, the report barely mentions the significant threats and harassment she endured while at the department that prompted her reassignment and telecommute agreement.

In hindsight, I deeply regret that she chose to work at the department - which she was lawfully entitled to do, whether or not I was director.

While I do believe the State Auditor plays an important role in maintaining accountability across state government, I also believe that in this case she was misled by a band of people that organized to take me down. My biggest regret is that I have allowed my daughter and family to suffer and have disappointed you by being the subject of this misguided controversy.

The report starts out by claiming that Julianna was hired improperly at my insistence. That claim could not be further from the truth, and it was made because the audit staff members collecting their “evidence” were so intent on finding fault that they ignored the information I gave them. In fact, there is no discussion anywhere in the report about the information I gave them to set the record straight. To this day, either they misunderstand or do not care to understand the civil service rules that applied to Julianna’s hiring.

I am not going to rebut here all of the baseless allegations in the audit report. But I would ask you to consider the following in regard to the opening allegation of the report, my “facilitating” a “bad faith” hiring of Julianna.

(1) As the report notes, Julianna had been a former state employee, at EDD in 2009. What the report does not mention is that she left employment there in good standing, and she was entirely eligible under civil service rules for *permissive reinstatement* at the department to a position at the same level she had held at EDD.

That is exactly what happened, at a time when DLSE had a vacant SSA position (i.e., a position at the same level as her

former EDD position) that needed to be filled, and every division in the department was struggling to fill a huge backlog of empty positions from a hiring freeze that had just been lifted.

(2) The report goes into copious detail about how Julianna was not qualified to take an “AGPA” exam that was advertised to fill an AGPA position that was vacant at the time. What it ignores is that she did not need to take an exam to be hired under civil service permissive reinstatement rules.

There happened to be an empty SSA position at the time the AGPA position was advertised, and that is the position she should have filled.

If, as the audit report alleges, someone at the Personnel Department downgraded an existing AGPA position in order to fill it with Julianna as an SSA, I had no knowledge of that decision, and it would have made no sense at all. Why would Personnel take an existing AGPA position and downgrade it when there was already an existing SSA position for Julianna to fill?

(3) I did ask the “hiring manager” if Julianna could be hired as the audit report states, as I would have done for anyone I knew who was qualified and wanted to work for DIR, especially at a time when all divisions were struggling to hire more staff. I relied on the judgment and personnel expertise of the hiring manager, who was no more “a long-time friend” than any other colleague I had worked with collaboratively over the years.

(4) Julianna is and was extremely qualified. Besides being fluent in French and Spanish and certified by the state as bilingual in English and Spanish, she had earned a BA in History from San Francisco State University and had completed a successful year of study at the New College of the Law in San Francisco. The department always needs workers who are bilingual in Spanish,

and in fact heavily relied on her bilingual Spanish skills as a major part of her assigned work duties.

I have noted the above information to illustrate how misguided the auditor's report is. There are omissions, factual errors and misguided interpretations throughout that report, and I can assure you I have never retaliated against anybody. The staff members who prepared the auditor's report clearly do not understand the distinction between retaliation and setting the record straight on personally damaging misinformation.

This is a smear campaign orchestrated by people with motives that have nothing to do with good government and opponents of the kinds of reforms I have devoted my entire career to. Again, I have to apologize to the community for not seeing this kind of campaign coming that would inject so much confusion into the perception of my dedication to good government and my work on past and current reform projects.

I appreciate all of you who have worked so closely with me to improve our economy and government, and I hope you know this report is not going to stop me from continuing my work.