



Executive Summary

TO: City of Stockton City Council

FROM: Hanson Bridgett, LLP

DATE: October 22, 2025; Additional Scope Included as per Council Direction January 2, 2026

RE: Executive Summary of Report of Findings regarding Wild N' Out Live Event

At its meeting on August 26, 2025, the Stockton City Council voted to direct the City Attorney to retain independent legal counsel to investigate the May 24, 2025 Wild N' Out Live event (Event) held at the Stockton Arena for any misconduct by councilmembers that might result in a violation of Government Code Section 1090 or Charter Section 1000. The Council further directed that if such an investigation found any violations, they either be referred to the relevant authorities and/or become the subject of litigation to be initiated by the City Attorney on behalf of the City. Finally, the Council voted that the investigatory report and the cost of the investigation be made public.

Subsequent to the August 26, 2025 meeting, this office was engaged by the City Attorney. We presume that we were engaged at least in part because of our expertise and background in government ethics. We are the independent ethics evaluator for the Cities of Sacramento and San José. We conduct ethics investigations, provide ethics trainings, and advise on complex issues of conflicts of interest to public agencies and public officials throughout the State.

At its meeting on December 9, 2025, after we had submitted our initial Report but before the Council had reviewed that Report, the Council again took up this matter and voted to expand the scope of the investigation to include analysis of: (1) whether any councilmember, in particular Vice Mayor Lee, should have recused himself from discussions and actions regarding this investigation at both the August 26, 2025 and December 9, 2025 Council meetings; and (2) whether the failure to do so constitutes a violation of State law, in particular either or both Charter Section 1000 and Government Code Section 1090.

The scope of our investigation was as directed by the Council's motions, approved at the August 26 and December 9 meetings. In discussions at both meetings, the Council discussed the need to consider "State" law generally, although the final motion on August 26 referred specifically to Government Code Section 1090 and Charter Section 1000. In the interest of completeness, our Report also analyzes the Political Reform Act's conflict of interest regulations and the common law conflict of interest doctrine. As per the Council's direction at the December 9 meeting, we consider recusal issues under the same expansive list of legal authorities. Despite the suggestion we have received from some witnesses that we expand our investigation, this Report does not consider issues arising under the Brown Act. Nor do we address any campaign-related issues involving campaign finance reporting or disclosure requirements.

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While the Council was careful not to single out any particular councilmember in authorizing this investigation, we quickly determined that only two councilmembers were possibly involved in the Event, Councilmember Padilla and Vice Mayor Lee. We discuss both councilmembers' involvement in the Event, though most of the controversy centers on the Vice Mayor. We did not investigate any other councilmember's involvement in the Event. Similarly, our analysis of recusal issues focused on the Vice Mayor, though we briefly consider the issue as applied to Councilmember Padilla.

Our full Report provides details of all the facts of our investigation. Our full Report also explains our analysis of all possible legal issues arising from the facts we have discovered, and provides a detailed set of conclusions. A summary of our conclusions is as follows:

- No councilmember had a prohibited financial interest in any contract associated with the Event. Accordingly, no councilmember (or the City), violated Government Code Section 1090's prohibition against self-dealing with regard to the Event.
- No councilmember made, participated in making, or influenced a government decision regarding the Event in which (s)he had had a financial interest. Accordingly, no councilmember violated the Political Reform Act's conflict of interest rules with regard to the Event.
- With regard to planning for and participating in the Event, there may have been an appearance that the Vice Mayor acted in furtherance of his personal interests in a manner that might implicate the State's common law conflict of interest doctrine. But the facts show that any personal interest was likely aligned with the City's interests. At most, the facts reflect a possible lack of awareness of the need to consider ethical standards even when one's personal interests are aligned with official duties.
- Charter Section 1000's interpretive history, as well as its plain language, are susceptible to multiple interpretations. At most, Section 1000 prohibits kickbacks or gratuities resulting from or associated with City service; our investigation did not reveal any such facts. Accordingly no councilmember violated City Charter Section 1000 for many of the same reasons as those involving Government Code Section 1090.
- No explicit statutory legal requirement compelled any Councilmember, in particular Vice Mayor Lee, to recuse themselves from the decision to investigate this matter. Absent any express written guidance from the Fair Political Practices Commission on point, it may be reasonably foreseeable that the outcome of an investigation could have a material financial effect on the subject of that investigation. Accordingly, we suggest that to ensure compliance with the Political Reform Act, the subject of an investigation should recuse himself from the decision to authorize an investigation into his own conduct. The common law principle of avoiding a situation in which personal interests conflict with public duties also suggest the propriety of recusal under circumstances such as these.
- The law only sets the floor of mandatory ethical conduct; the highest ethical standards sometimes call for behavior beyond what is legally required. We think that any public official that is the subject of an investigation should recuse themselves from discussions and decisions regarding that investigation in order to avoid even the appearance of a

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conflict of interest and in order to uphold the highest ethical standards. We do not think that Vice Mayor Lee met that high standard.

In sum, our investigation did not reveal facts sufficient to establish a legal violation under the applicable provisions of California or City law. However, the ethics laws define the minimum of permissible conduct. Ethical norms may go beyond legal requirements to further the fundamental principle that the interests of elected officials must remain aligned with the interests of the public they serve. Continued attention to transparency, prudence, and the appearance of fairness remains essential to preserving public confidence.