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*— Labor & Employment Law —*  
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September 12, 2022

**CONFIDENTIAL**  
**PERSONNEL INVESTIGATION**

John Mullen  
City Attorney  
Office of the City Attorney  
City of Oceanside  
300 North Coast Hwy, 3<sup>rd</sup> Floor  
Oceanside, CA 92054  
[jmullen@oceansideca.org](mailto:jmullen@oceansideca.org)

Re: Investigation Report  
City of Oceanside / Victor Roy (Steve Hodges)

Dear City Attorney Mullen:

Following is our investigative report into the complaints dated June 6, 2022 by city employee and Treasury Manager Steven Hodges (“Hodges”) against the city’s elected Treasurer Victor Roy (“Roy”). Hodges alleged that Roy has harassed and retaliated against him, along with various other allegations of misconduct by Roy. (Exh. 1)

Our office was retained by the City to independently investigate numerous of the allegations and provide findings and recommendations. Our office has no financial or other interest in the outcome of this investigation and had no pre-existing relationship or interactions with any of the witnesses. All investigation processes, findings, and recommendations were determined by our office with no outside influence.

## 1. Overview

This situation involves escalating workplace disputes between city Treasury Manager Steve Hodges and elected Treasurer Victor Roy. Full-time city Treasury staff is generally qualified, trained, experienced, and responsible for the day-to-day handling of City investments, finances, bill-paying, cash handling, financial reporting, and preparation of relevant reports. (Exh. 2) The elected Treasurer generally oversees city Treasury matters and reviews and signs various reports prepared by staff but is not required to have any financial or accounting education or experience. The only requirements of an elected official are residence and being over the age of 18. (Exhs. 3, 4, 5)

By nearly all accounts, the issues between Hodges and Roy arose or escalated in great part when Treasury employee Becky Salvatierra passed away on or about December 11, 2021. Hodges was then required to perform her duties in addition to his own. This admittedly caused Hodges great stress at work and even prevented him from taking leave time off work to be with his new baby. Among other effects, it eliminated any extra time Hodges had to casually interact with Mr. Roy during the workday, which they had regularly done. Also around this time Financial Services Director Jane McPherson retired and the position was filled by Jill Moya. At the same time, Roy was seeking to become more involved in day-to-day Treasury operations. Prior to this time it appeared that Hodges and Roy had no material workplace issues. Hodges states he had previously been able to entertain Roy's office visits and discussions because the department had been sufficiently staffed to allow for this before Ms. Salvatierra passed away, while still getting all the work done. Roy understood that Hodge's stress and workload substantially increased after this time, and that Roy's office interactions with Hodges understandably ceased or substantially decreased after this. Hodges also stated that prior Financial Services Director Jane McPherson was able to keep "unqualified" Roy at bay. Thus, when McPherson left and Ms. Salvatierra passed away at around the same time, Roy was unchecked in becoming more involved in daily Treasury activities, compounding Hodges' work stress of having to perform two jobs.

Hodges then became more stressed and resentful because he believed Roy was inserting himself in daily operations but was unqualified for the job, wasn't doing anything, and received credit for work/reports Hodges prepared. Roy, on the other hand, began referring to Hodges as a "JERK," a dictator, a liar, disruptive, threatening, and blaming Roy for everything. (Exh. 20; Exh. 22, p.35)

Roy counter-alleged that he was being improperly excluded from Treasury matters in retaliation for raising his concern that Ms. Salvatierra may not have attended a professional

conference that the city had approved and paid for. [REDACTED]

This all escalated substantially at a Citizen Oversight Committee Meeting on May 24, 2022, where Roy and Hodges (and Moya) got into a heated discussion over an agenda item. It continued excessively and escalated to open criticisms of each other (and Jill Moya) in the presence of the Civilian Oversight Committee.<sup>1</sup>

Finally, this all culminated in an email exchange between Roy and Hodges on June 3, 2022, and June 6, 2022. (Exh. 1) When Roy directed Hodges to reinstate Higgins Capital Management as a broker-dealer for the city, Hodges responded with this litany of complaints against Roy from the prior two years. (Exh. 1) Hodges alleged Roy: (1) made or oversaw risky investments that cost the City millions; (2) made derogatory comments about the cause of an employee's death; (3) improperly solicited a campaign donation from Hodges; (4) harassed or retaliated against Hodges, primarily by improperly discussing his work performance at a public meeting; (5) viewed inappropriate material on a computer at the City's library; (6) failed to perform his duties as Treasurer; and (7) habitually came in after hours to use City property for his personal use. (Exh. 1)

## 2. Summary of Findings

1. Hodges' allegation that the city's portfolio under Roy's oversight was full of risky investments that ended up costing the taxpayers millions is beyond the scope of this personnel investigation, and beyond the expertise of this investigator. It does appear, however, that this loss of interest income occurred due to outside market conditions when interest rates dropped in March 2019. This caused similar fiscal impacts on other agencies at the time, and not just Oceanside. (Exhs. 7, 8) Moreover, Roy does not select or make the investments, staff does. He just oversees Treasury matters. (Exhs. 2, 3, 4)

2. Hodges' allegation that Roy has not been performing his duties is **not sustained**. There is no evidence that Roy failed to perform any of his duties. (Exh. 3, 4) To the contrary, part of Hodges' disputes arose because he objected to "unqualified" Roy becoming more involved in day-to-day Treasury matters. Further underlying some of the issues here is an apparent disparity between the elected Treasurer's written duties vs. what elected Treasurers have actually done in the past. It appears prior elected Treasurers may have been more hands off and involved only in oversight, while Roy is seeking a more active role in daily Treasury operations. The city is addressing any issue of clarity in the elected Treasurer's duties.

<sup>1</sup> Video of the meeting is available from the city and online and is evidence considered in this report.

Financial Services Director Jill Moya states it would be difficult to determine if Roy is performing his duties or not because of this disparity.

3. Hodges' allegation that Roy illegally or improperly solicited a campaign contribution from him is **not sustained due to insufficient evidence**. Roy alleges to the contrary that it was Hodges who asked him if it were permissible to donate to Roy's campaign, and this made Roy uncomfortable. There were no witnesses to the alleged verbal solicitation. Subsequent texts and emails related to the discussion do not specifically corroborate whether Roy solicited a campaign contribution from Hodges. (Exhs. 19, 20)

4. Hodges' allegation that Roy was caught viewing inappropriate material on a computer at the city public library is **sustained**. Many aspects of Roy's contention that he was merely investigating a citizen complaint that inappropriate material could be accessed and viewed at the public library computers lacked credibility. Among other implausible aspects of this position is, if Roy's contention were true, the matter should have been reported to appropriate city personnel to properly investigate and redress. It would not be proper for an elected Treasurer to personally and confidentially investigate an allegation that library Wi-Fi filters were inadequately blocking inappropriate internet material, and never report the alleged concern.

5. Hodges' allegation that Roy was using city offices for personal use, mostly after hours, is **not sustained**. As the elected Treasurer, Roy is provided access to a city office. There is no evidence or accounting of how much time Roy spends there conducting work vs. personal business, if any.

6. Hodges' allegation that Roy engaged in conduct unbecoming by stating that employee Becky Salvatierra passed away in December 2011 is **sustained**. Roy alleges he merely initiated internal discussions about potential causes of her death to determine if COVID-related safety measures should be taken. Other witnesses state that Roy repeated derogatory comments about her death. Nor was there any evidence that Roy was attempting to determine if any COVID safety measures needed to be implemented in response to Ms. Salvatierra's death. (Exh. 22, p.3, point 3) Once again, if Roy's concern after Ms. Salvatierra's death was COVID safety in the workplace, this should have been reported to qualified personnel to investigate and address, not the elected Treasurer.

7. Hodges' allegation that Roy has harassed and retaliated against him is **not sustained**. While the two clearly became engaged in petty workplace disputes over duties and responsibilities, there is no evidence that Roy took any action, or pattern of actions, directed towards or resulting in any adverse employment actions against Hodges. The primary work

issue with Hodges, as he concedes in his email Complaint, is work stress due to his increased workload after Ms. Salvatierra passed away and Roy's increasing involvement in daily operations.

However, the crux of Hodges' retaliation/harassment allegations arise from a dispute that arose between Hodges and Roy at a May 24, 2022 Citizen Investment Oversight Committee Special Meeting about an Agenda Item proposing a change in the Investment Policy that Hodges prepared which had omitted Roy's title, name, and signature. (Exhs. 13, 14) Here, Hodges' allegation that Roy improperly discussed Hodges' (and Jill Moya's) job performance in public at this meeting is **sustained**. This can be seen and heard on the video when their dispute of this matter escalated. Even though addressing a legitimate work issue, Roy violated the City's rules for decorum

### 3. The Complaint

On June 6, 2022, Treasury Manager Hodges alleged in an email that City Treasurer Roy: (1) made or oversaw risky investments that cost the City millions; (2) made derogatory comments about the cause of an employee's death; (3) improperly solicited a campaign donation from Hodges; (4) harassed or retaliated against Hodges, primarily by improperly discussing his work performance at a public meeting; (5) viewed inappropriate material on a computer at the City's library; (6) failed to perform his duties as Treasurer; and (7) habitually came in after hours to use City property for his personal use. (Exh. 1) This complaint was triggered after Roy directed Hodges to reinstate Higgins Capital as one of the City's broker-dealers. (Exh. 1, p.3)

### 4. Documents Reviewed and Considered (And Attached)

1. Email Complaint dated June 6, 2022 of Treasury Manager Hodges to City Treasurer Roy with a copy to Financial Services Director Moya, City Manager Borrego, Mayor Esther Sanchez, and the City Council. (Exh. 1)
2. Job Description dated August 2015 for City of Oceanside Treasury Manager. (Exh. 2)
3. Chapter 2, Article IV, Sections 2.17, *et seq.* and 2.18, *et seq.*, of the Municipal Code of the City of Oceanside, setting forth the duties and responsibilities of the City Treasurer. (Exh. 3)

4. “City Treasurer” from the City of Oceanside’s website (Exh. 4)
5. “General Requirements for Candidacy” from the City of Oceanside’s website (Exh. 5)
6. CA Gov. Code § 53607, “Delegation of duties to treasurer; monthly report.” (Exh. 6)
7. “Lessons for Us All from California’s Evaporating Billions,” May 24, 2022, *Governing*. (Exh. 7)
8. “Did Oceanside’s Treasurer Lose the City Millions of Dollars? It’s Complicated,” August 16, 2022, *Voice of San Diego*. (Exh. 8)
9. Oceanside Public Library Policy Manual, Section 2, Customer Conduct, Rules of Library Conduct, Rules 2.1(A); 2.2(20). (Exh. 9)
10. City of Oceanside Code of Ethics and Conduct for Elected and Appointed Officials, 2020, §§ A(3), (5), (6), (9), (10), (16); B(1)(b), (c); B(2)(a); B(3)(a), (c), (e). (Exh. 10)
11. City of Oceanside Personnel Rules and Regulations, 2019, §§ 2.9, 2.10, 2.14, 7.1(J), (K), (N) (Q), (R). (Exh. 11)
12. City of Oceanside Compensation Plan for Unrepresented Employees, 2021, Standards of Conduct §§ IX(2), (7), (9), (11), (13), (14), (18). (Exh. 12)
13. Email dated May 20, 2022, from Financial Services Director Moya to City Treasurer Roy, among others, with the City Treasurer’s Report from the Agenda Packet for the May 24, 2022, CIOC meeting. (Exh. 13)
14. CIOC Meeting Agenda for May 24, 2022. (Exh. 14)
15. City Treasurer Roy’s proposed “Corrective Action Plan” for Treasury Manager Hodges and Financial Services Director Moya, with handwritten notes. (Bates Nos. Roy 13-Roy 21) (Exh. 15)

16. Email from City Attorney Mullen to City Treasurer Roy dated May 24, 2022, notifying him of Brown Act violations at the May 24, 2022, CIOC meeting and proposing a training session. (Exh. 16 at Roy 51)
17. Email from Mr. Raftery to Investigator Zappia dated August 24, 2022, with a link to a “Voice of San Diego” News Article [REDACTED]  
[REDACTED] (Exh. 17)
18. CA Gov. Code §§ 3205. “Solicitation of political contributions; offense; punishment.” (Exh. 18)
19. Texts dated September 21, 2020, between Treasury Manager Hodges and City Treasurer Roy re Campaign Contributions. (Exh. 19)
20. Email exchange dated September 21, 2020, between City Attorney Mullen and Treasury Manager Hodges re campaign contributions. (Exh. 20)
21. City of Oceanside Harassment/Discrimination/Retaliation Prevention Policy, 2014, §§ IV, VI. (Exh. 21)
22. Email from Attorney Mark Raftery to Investigator Zappia dated August 16, 2022, with attachments. (Exh. 22)
23. Email from Mr. Raftery to Investigator Zappia dated August 19, 2022, with attachments. (Exh. 23)
24. Video Recording of Citizens Investment Oversight Committee meeting on May 24, 2022. (This video is not attached but is available online or from the City.)

5. Witnesses

Interviews were conducted and recorded as follows. One request for an interview was declined, as noted below:

1. Treasury Manager Steven Hodges, 8/1/22 (In person and audio recorded)
2. Financial Services Director Jill Moya, CPA, 8/1/22 (Via ZOOM)

3. Ray Higgins, Higgins Capital Management, 8/3/22 (Interview Request Refused)
4. Senior Librarian [REDACTED], 8/3/22 (Recorded on ZOOM)
5. Assistant City Manager Michael Gossman, 8/1/22 (In person and audio recorded)
6. City Treasurer Victor Roy, 8/10/22 (In Person, Audio Recorded)
6. **Facts and Evidence:**
7. **Treasury Manager Hodges' Complaint (Exh. 1)**

On June 6, 2022, Treasury Manager Hodges made a complaint via email to City Treasurer Roy with a copy to Mayor Sanchez, the entire City Council, City Manager Borrego, and Financial Services Director Moya. (Exh. 1) Treasury Manager Hodges alleged that City Treasurer Roy: (1) made or oversaw risky investments that cost the City millions; (2) improperly disparaged a former employee in discussing the alleged cause of her death; (3) improperly solicited a campaign donation from Treasury Manager Hodges, a city employee; (4) harassed or retaliated against Treasury Manager Hodges by improperly discussing his work performance at a public meeting; (5) viewed inappropriate material on a computer at the City's library; (6) failed to perform his duties as Treasurer; and (7) habitually came in after hours to use City property improperly for his personal use. (Exh. 1)

8. **Responsibilities of The Treasurer under the Municipal Code (Exh. 3)**

Chapter 2, Article IV, Section 2.17 of the City of Oceanside's Municipal Code provides as follows:

The office of the city treasurer is established and shall be *supervised* by the city treasurer, *an elected official*. The city treasurer and the financial services director shall work collectively to ensure the city council adopted investment policy is followed. (Exh. 3 (emphasis added).)

Section 2.17.1 provides for employees to serve both the office of city treasurer and the financial services department and invest and manage money, as follows:

Employees of the office of the city treasurer responsible for the investment or management of money shall be members of the unclassified service . . .

[E]mployees of the office of the city treasurer shall be appointed by the director of financial services, following consultation with the city treasurer, subject to the approval of the city manager. Employees may be assigned to joint service in the office of the city treasurer and the financial services department upon terms acceptable to the city treasurer and the financial services director. The financial services director, in consultation with the city treasurer, shall establish employment standards for employees responsible for the investment or management of money. (Exh. 3.)

Section 2.18 sets forth the City Treasurer's duties as follows:

The authority of the city council to invest or reinvest city funds is delegated to the city treasurer, subject to annual review and renewal by the city council, pursuant to Section 53607 of the California Government Code. The city treasurer shall have the duty to enforce the investment policy of the city as may be adopted from time to time by the city council. The city council shall review the city's investment policy during its consideration of the annual budget. The city treasurer shall have the duty to recommend additions, deletions, or modifications to the investment policy for consideration by the city council. The city treasurer shall perform those duties established by the general laws of the state relating to the management and investment of city money. The city treasurer shall have no duty to collect city taxes or license fees or to perform any function of the financial services department established pursuant to sections 2.55 through 2.58 of this Code. (Exh. 3)

Government code section 53607 provides that:

The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to *the treasurer of the local agency*, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and *shall make a monthly report of those transactions to the legislative body*. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year. (Exh. 6)

**9. Job Description of the Treasury Manager (Exh. 2)**

The Treasury Manager's job description sets forth the following duties:

Plans, organizes, supervises and reviews the work and activities of Treasury Department employees who conduct various treasury functions, including cash and debt management; invests all idle funds on deposit to return the highest yield, keeping safety, liquidity and yield in their proper perspective in accordance with approved investment policy guidelines; negotiates the purchase, sale and exchange of securities; develops and monitors accounting, investing, collection, customer service and operational procedures, and when necessary, recommends and implements improvements; analyzes and determines effectiveness of short-term and long-term financing programs, and recommends alternative financing products; implements the issuance of municipal debt instruments; coordinates ongoing administration of City municipal bonds; coordinates ongoing administration of City Community Facilities Districts; supervises the maintenance of financial records pertaining to security transactions; serves as primary contact for treasury activities with various investment, trust, and banking institutions, investment advisors, brokers, external auditors, and regulatory officials; and performs other related duties as assigned. Assists City Treasurer in facilitating meetings and reviewing department reports with City Council and the Treasurer's Investment Oversight Committee. (Exh. 2 at p. 1)

The Treasury Manager's job description also lists numerous minimum qualifications, which include, among others, the ability to:

- Evaluate need for acquisition and sale of funds and investment of surplus to ensure appropriate risk and credit quality of portfolio.
- Evaluate short-term and long-term financing programs and implement the issuance of municipal debt instruments.
- Write financial reports and make recommendations with regard to financial policies and programs.
- Examine policies, procedures, and guidelines to improve efficiency and reduce costs.
- Comply with applicable local, state, and federal laws, ordinances, regulations, and requirements.
- Analyze financial records to forecast future financial position and budget requirements.
- Perform mathematical calculations.
- Direct the activities and monitor performance of assigned staff.
- Develop and implement training objectives. (Exh. 2 at p. 2)

The Treasury Manager position also requires the following prior experience:

Four years of experience in public sector finance, including investment experience; four years of experience with computerized financial systems; and two years of supervisory experience. (Exh. 2 at p. 2)

**10. Video of Citizens Investment Oversight Committee Meeting on May 24, 2022**

City Treasurer Roy chaired the Citizen Oversight Committee meeting that took place on May 24, 2022. Early in the meeting during discussion under the item “Review of the City Treasurer’s Report,” City Treasurer Roy states that his name was not on the report, says that it should be, and asks Treasury Manager Hodges repeatedly to insert his name. Financial Services Director Moya suggests that the matter be discussed on a later date, but City Treasurer Roy insists.

Hodges attempts to explain that they have been short-staffed and that he signed the report because he prepared it. Roy then explains to the remaining members of the commission what the duties of the Treasurer and the Treasury Manager are; that Hodges stopped performing his duties at the beginning of the year, that they have a problem, and that Financial Services Director Moya has failed to “fix the problem.” Roy continues that Hodges is violating the Investment Policy by not consulting with him.

Bickering then ensues for about ten minutes among City Treasurer Roy, Treasury Manager Hodges, and, to a lesser degree, Financial Services Director Moya. City Treasurer Roy accuses Financial Services Director Moya of not reading the Investment Policy, which she strongly denies. Treasury Manager Hodges states that despite significant staffing challenges he was preparing the reports even though it was City Treasurer Roy’s responsibility to do so. For his part, City Treasurer Roy contends that the responsibility for the reports was properly delegated to Treasury Manager Hodges and accuses him of lying.

The committee members appear confused by the discussion and the bickering. Committee member Robinson states that she feels blindsided, that she does not want to pursue the discussion, and asks if there’s a problem with the auditors. Committee member Kagan asks for a summary of the issues, asks for Financial Services Director Moya’s opinion about Treasury Manager Hodges’ job performance, and asks whether someone is being removed. Committee member Hansen states he is concerned because there was no opportunity to prepare for the discussion.

City Treasurer Roy nevertheless pursues the matter by repeatedly reiterating that there is “a problem behind the scenes” and states that his authority is being undermined by the City’s staff.

Assistant City Manager Michael Gossman enters the room and states that he wants to bring up a violation of the Brown Act. Roy refuses to recognize him and Gossman sits back down.

During the discussion of a staff report, committee member Kagan asks if it would be possible to clear the room and have a conversation. Roy states yes, although the meeting was public. Committee member Hansen then states that he does not think the Brown Act allows them to meet privately.

Later during the meeting, committee member Kagan asks if an ad hoc subcommittee can be authorized to review proposed changes to the investment policy, even though it is not on the agenda. Roy states that can be done, but they ultimately decide to forego the formation of the ad hoc committee, and the meeting is adjourned.

**11. City Treasurer Roy’s Corrective Action Plan for Hodges (Exh. 15)**

On or about June 6, 2022, Roy discussed his concerns about Hodges’ (and Moya’s) performance with then City Manager Borrego. While Roy had prepared a written Corrective Action Plan for both Hodges and Moya, it appears they were not presented to Borrego at this meeting. Roy’s counsel later provided the investigator with a copy of the plan, along with handwritten notes of items Roy wished to discuss with Borrego. (Exh. 15) It appears the Corrective Action Plan was never presented or implemented because Hodges’ allegations arose in the meantime.

Roy states in his Corrective Action Plan that he and Hodges had worked together without significant problems until 2022, when Hodges stopped communicating and cooperating with him other than to send barbed emails and blame Roy for problems. (Exh. 15 at p. Roy 13) Among other things, Roy took issue with (1) Hodges’ failure to obtain his review, input and signature on reports that were to be issued by the Treasurer (Exh. 15 at p. Roy 14); and (2) Hodges’ decision not to work with brokers who had worked for the City for decades (Exh. 15 at p. Roy 15.) Roy stated that his issues culminated with Hodges sending the email on June 6, 2022 to the entire City Council, and which Roy characterized as “character assassination.” (Exh. 15 at p.16)

Roy criticized Financial Services Director Moya for failing to “right the ship” after problems arose. (Exh. 15 at p.3)

**12. Interview Summary: Treasury Manager Steven Hodges**

Treasury Manager Hodges was interviewed in-person on August 1, 2022, at 1:00 pm. The interview was audio-recorded.

In his interview, Hodges primarily followed the allegations in his June 6, 2022 email. (Exh. 1)

Hodges explained that, since Treasury Technician Salvatierra passed away, he is solely responsible/legally-authorized for many critical City functions, such as paying bills, writing checks, having bank access, and executing daily electronic wires. For example, if the \$4 million electricity bill is one day late, a \$120,000 penalty is incurred, and he is the only person that can pay it. Accordingly, he cannot take leave, because doing so would cause severe problems for the City.

Hodges stated that he is performing all the stated functions of the Treasurer, and the Treasurer does not work.

Hodges stated that a series of events led to this situation with City Treasurer Roy: (1) Former Financial Services Director Jane McPherson suddenly retiring; (2) another co-worker leaving; and (3) Treasury Technician Salvatierra passing away. Hodges said that prior to these departures, Financial Services Director McPherson was “abrasive and firm” and did a good job of “holding Victor at bay.” Moreover, Salvatierra and the other co-worker who left handled much of the work. After these departures and Treasury Technician Salvatierra’s death, there was no one to hold Roy “at bay” and Hodges alone had to handle all the work with City Treasurer Roy’s unchecked interference, including the functions mentioned above. Hodges is hoping/expecting that soon someone else will also have access/authorization to perform all of these functions, as is necessary for the city.

Roy used to come to Hodges’ office every day at 3:00 PM to chat for at least an hour. Hodges used to accommodate him because he was an elected official and because they had staff to get the work done even with this 60–90 minute disruption in his day every day. As Hodges now had to perform the duties of multiple people, he had to stop the daily 3:00 PM meetings/chats with City Treasurer Roy.

Hodges felt Roy slandered Salvatierra after she passed away and he was greatly offended. [REDACTED]

[REDACTED] In any event, there was no need to put any negative spin on Salvatierra's death considering she had worked dutifully for the City for 20 years and was critical to the Financial Services Department's operations.

Hodges said that Roy tried to interfere with hiring a replacement for Treasury Technician Salvatierra, even though he has no hiring authority. City Treasurer Roy's alleged interference delayed any progress on hiring someone and left Treasury Manager Hodges with sole responsibility/authority for the critical city functions without any backup.

Hodges stated that he stopped using 7 of 9 brokers who were pushing financial instruments that were not beneficial to the city but had high commissions. Hodges is aware that Roy did not necessarily hire/retain these brokers, but they worked for the City under his watch, and Roy was aware of them. Hodges believes the City unnecessarily lost about \$2-3 million in the March market corrections.

Sometime in January 2020, Hodges had lunch with Roy and Debbie Higgins of Higgins Capital Management at Swami's. Mr. and Ms. Higgins made him very uncomfortable discussing how they are the minorities now, and get nothing for their taxes, etc.

Hodges had detailed documents from a conference and phone records from the day that broker Mr. Higgins "cornered" him at a conference on January 15-16, 2020 where Mr. Higgins' wife was presenting. Hodges stated that Mr. Higgins demanded to know who had authority to purchase financial instruments at the City and threatened Hodges' employment if he didn't buy instruments from Mr. Higgins, because "he knows people in the City." Hodges immediately called former Financial Services Director McPherson from the conference and told her they will never work with Mr. Higgins again. Hodges was still brand new in the Treasury Manager position at the time. Hodges referred the investigator to a prior criminal case in which Mr. Higgins was allegedly involved. (People v Higgins (2011) 191 Cal.App.4th 1075)

Hodges stated that Roy solicited a campaign donation from him in or around 2020. Roy invited Hodges to a house where he was staying, told Hodges to bring beer (Hodges brought just one), and solicited a donation from Hodges. Hodges then got a copy of the Elected Ethics Rule from the City Attorney, and it stated no elected shall solicit donations from an employee. (Exh. 20) Hodges was still very new to the position at the time. He left the Ethics Rule on

City Treasurer Roy's desk and texted Roy about it. Roy responded with a thumbs up (Exh. 19) Hodges never heard about it again.

Later, Roy asked Hodges why he was not using Mr. Higgins. Hodges also received an email from City Treasurer Roy on June 3, 2022 demanding that Hodges reinstate Mr. Higgins. For the reasons Hodges explained earlier and in his June 6 complaint, he will not reinstate Mr. Higgins.

Staff at the City's Financial Services Department are aware of the allegations that Treasurer Roy viewed inappropriate material at the library. Hodges said the allegations are consistent with the staff's pre-existing questions and concerns about Roy coming into the office late at night for personal use of cable TV and internet and to store his groceries.

Hodges explained that the primary issue of retaliation/harassment was Roy's conduct at the public CIOC meeting on May 24, 2022, during which Roy turned on Financial Services Director Moya and Hodges. Roy criticized Hodges' work performance at the public meeting, which was contrary to a recent email Roy had sent Hodges stating he was doing a great job. (Exh. 1, p.2) The meeting is publicly posted on YouTube, and the recording reveals City Treasurer Roy's inappropriate public discussion of a personnel matter.

Roy is not qualified to perform treasury duties. Nevertheless, he is now trying to perform them. [REDACTED]

The City's investment fund was at \$350,000,000 two years ago when Hodges became the Treasury Manager and is now at \$550,000,000.

Hodges will be separating from the City on November 1, 2022.

**13. Interview Summary: Assistant City Manager Michael Gossman**

Assistant City Manager Gossman was interviewed in-person on August 1, 2022, at 2:30 pm.

Gossman oversees the City's Water, Library, Finance, Economic Development, City Manager Office Operations, Homelessness Issues, and Special Projects.

Gossman is aware of Hodges' complaints about Treasurer Roy, and that the relationship has become acrimonious. He has not personally witnessed any alleged harassment or

retaliation. His opinion is that the matter involves two individuals who can be difficult to get along with and/or do not have very good professional relationship skills.

The two instances Gossman recalls that may have been inappropriate were: (1) when City Treasurer Roy called Treasury Manager Hodges “a jerk” in an email (Exh.22, p.35); and (2) when Roy became rude and took a hostile tone towards both Financial Services Director Moya and Hodges at a Citizen’s Oversight meeting and raised work performance issues in that forum.

Gossman has noted that Roy refers to Financial Services Director Moya as “Jill,” in contrast to his referring to others as “Mr.” or “Mrs.”

Gossman does not believe that Roy is qualified to be a Treasurer. However, Gossman does not mean to criticize with his assessment, because the lack of qualifications is consistent with being in an elected position. While Roy meets the qualifications of the elected Treasurer position, he would not meet the qualifications of a Treasury employee. Thus, the City retains staff with qualifications to manage and oversee finances. Gossman has complete confidence in the Finance Department.

Gossman believes that Treasury Manager Hodges did not raise allegations against City Treasurer Roy until the relationship worsened, and then raised allegations dating from years ago that he had never raised before.

Gossman is aware that Roy had made some negative or improper statements about Treasury Technician Salvatierra’s death and demanded a copy of her death certificate or an autopsy report. Gossman immediately shut down City Treasurer Roy’s efforts to do so.

Gossman is aware that there is likely little recourse against an elected official, short of recall.

Gossman opined that the allegations of viewing inappropriate material or spending evenings or nights in the office are not disciplinable offenses, stating “what policy is he violating?” and “where do you draw the line?”

**14. Interview Summary: Senior Librarian [REDACTED]**

Senior Librarian [REDACTED] was interviewed via ZOOM on August 3, 2022, at 10:00 am. The interview was video and audio-recorded.

She stated that the library has an open layout. You can see almost the entire library from front to back. The only obstruction, which is minimal, are some 4-5-foot-high shelves in the children's area.

Library computers are on desks. The screens face out and are openly visible to anyone who walks by or who walks by to use another computer.

Library policies prohibit viewing of inappropriate material on library computers. A summary of that policy is posted in the library.

City Treasurer Roy visits the library approximately 2 – 3 times per month.

One day, Librarian ██████ reported to ██████ that a man was looking at inappropriate material on one of the library computers. ██████ walked over and saw Treasurer Roy looking at fully nude ██████ photographs. "...It was...it was...I don't know how to say it. ██████. Still photographs...Full nudity." "They were adult." She cannot recall if the photos depicted sex acts or were just ██████ nudes, or multiple ██████ but they were adult ██████ nudes.

Roy appeared to be downloading photos from the computer to a zip drive. ██████ told Roy that he was not allowed to view the materials and asked him to leave. The library policy is to have a person viewing inappropriate material leave for the day. Roy said he thought it was OK to view the material because no one was there. Roy removed the photos from the screen but did not leave right away and apparently continued downloading photos. ██████ did not require Roy to leave because he took the photos down from view and, was an elected official. She likely would have required anyone else engaging in the same conduct to leave. However, since Roy was an elected official and took the photos down, she left it at that. He did stay and continued downloading the material.

Because the incident involved an elected official, ██████ reported it through the library's intranet system and issued the equivalent of an Oral Warning, as opposed to imposing the customary one-day suspension from the library for this offense. She also reported it to her supervisors ██████

Such incidents do not happen very often. In the 10 years Senior Librarian ██████ has worked at the library, she's only had to ask people to leave for viewing inappropriate material approximately 5 times.

██████ was not aware if library computer activity can be tracked via the Wi-Fi.

██████████ pointed out that she was not offended by the content but found it awkward that she had to counsel an elected official not to view inappropriate material in the public library.

**15. Interview Summary: Financial Services Director Jill Moya, CPA**

Financial Services Director Moya was interviewed via ZOOM from City offices on August 1, 2022, at 11:00 am. The interview was recorded.

Issues arose between Roy and Hodges after Treasury Technician Salvatierra passed away, and Hodges had to take on her duties. Before her death, Roy and Hodges would spend a fair amount of time together talking in Hodge's office. Moya believes their conversations were not all business related.

After Salvatierra passed away, Hodges would close his door and not be available to talk or to address work issues that Roy wanted addressed. However, Hodges now often had to prioritize other more pressing matters over matters that Roy wanted addressed.

Roy then began nit-picking Hodges. Moya would even explain to Roy that Hodges simply did not have the time at work to talk with him now that he had taken on Salvatierra's duties. Until Salvatierra's death, Roy and Hodges had gotten along except for occasional minor issues.

Moya heard Roy make comments to the effect that Salvatierra ██████████  
██████████ implying her death was Hodge's fault. Roy's comments upset Hodges.

After Salvatierra died and Hodges took over her duties, he had a new baby and wanted to take parental leave but did not. The leave was always available to Hodges, but he did not take it because of the press of business and his new increased duties.

Moya said Roy criticized her and Hodges at the CIOC meeting on May 24, 2022 and criticized Hodges' work performance. The situation was uncomfortable, and she believed it was unprofessional for Roy to engage in this public criticism. Moya does not know if Roy's conduct qualified as harassment or retaliation, but she did believe it was unprofessional and uncomfortable. Hodges complained the next day that Roy violated the Brown Act with his comments.

Regarding the brokers retained by the City, Moya believes it is within Hodge's expertise to select and de-select brokers, and she has delegated this responsibility to him. Roy

attends various Treasury/Finance conferences. Moya believes that Roy's interest in which brokers to use is political. Her understanding is that City rules only require the Treasurer be consulted regarding which brokers are used, but that the Treasurer does not have authority to hire or fire brokers.

Moya does not believe Roy is qualified to perform the duties of the Treasury Office, while Treasury Manager Hodges is. She said that Roy does meet the minimum qualifications to be elected to the position of Treasurer.

Moya thinks it is difficult to determine whether Roy is failing to perform certain duties of the Treasurer. Even though policy states the Treasurer performs certain tasks and functions, the City's past practice has been for the Treasury Manager to perform them. She also thinks it is preferable for the Treasury Manager to perform these functions as per past practice because there are no significant minimum qualifications to be elected Treasurer, but there are substantial minimum qualifications to serve as an employee Treasury Manager.

Moya believes that City Treasurer Roy may be improperly using City offices as a second home, and that doing so could be a misuse of public funds. Roy is often at the office late at night watching TV, with the door closed while on the computer, storing groceries there, etc. Roy's activities make staff particularly uncomfortable because they are aware of the allegation that he viewed inappropriate material on the city library's public computer.

**16. Interview Summary: Broker Ray Higgins**

The investigator contacted Mr. Higgins of Higgins Capital Management by telephone on August 3, 2022, at 11:39 am and requested an interview regarding allegations of misconduct by the Treasurer. Mr. Higgins responded: "We have no comment, and we are not going to participate in any investigation at this time."

**17. Interview Summary: City Treasurer Victor Roy**

City of Oceanside City Treasurer Roy was interviewed in-person on August 10, 2022, at 1:00 pm. His counsel, Mark Raftery, Esq. was present at the interview. The interview was audio-recorded.

Roy obtained a Geology Degree from UCLA in 1970. He has had numerous trainings relevant to his Treasurer position since the time he was elected.

Roy retired in 2004 from the airline industry, in which he worked on ground crew.

Roy stated that the issues between himself and Hodges began in mid to late 2020 when: (1) Roy engaged in “whistleblower” activity when he questioned whether Treasury Technician Salvatierra had attended the Government Investment Officers Association conference in Las Vegas in or around September 2020 that the City had paid for, as he did not see her there; and (2) after Treasury Technician Salvatierra passed away later in the year.

People seemed uncomfortable when he asked about whether or not Salvatierra had attended the conference. Hodges told Roy: “you’re making me look bad.” Roy does not know exactly what Hodges meant by his comment.

Roy never got certainty on whether or not Salvatierra had actually attended the conference or not.

When Salvatierra passed away later that same year, Hodges became very stressed by taking on her workload and because he had just had a baby. Roy understood that it was a very busy and stressful time for Hodges and decided to just give him some time, but their working relationship did not improve.

Roy believes Hodges along with the entire Financial Services Department began excluding him from Treasury/finance matters, including removing his name, title, and signature from documents or reports that are required to include this information and which previously had included this information.

Roy had even prepared a Corrective Action Plan for Treasury Manager Hodges which he had taken to City Manager Jonathan Borrego. By excluding Roy from meetings, removing his name from reports, and trying to exclude him from hiring Salvatierra’s replacement, Hodges was violating the Treasury Manager’s duty to act “as directed” by the Treasurer.

Regarding the allegation that Roy had defamed Treasury Technician Salvatierra, Roy states that his concern was if she died due to COVID, as she passed away in the middle of the pandemic and was only [REDACTED] old. Roy was thus concerned for employee safety. That concern was expressed in meetings with staff in which her death was discussed. It was unusual for a [REDACTED] woman to pass away suddenly, and because her death occurred during the COVID pandemic, there were internal discussions about potential causes of death. Roy reiterated that his concern was always for employee safety during COVID, and whether measures should be taken such as testing, quarantine, etc.

[REDACTED]

[REDACTED] but he never asserted it as a fact. [REDACTED]

[REDACTED]

Regarding Roy's directive to reinstate Higgins Capital, he was concerned that new Treasury Manager Hodges had quickly decided to stop using five of the seven brokers that the City had been using for years. Roy thought that the City should have a pool of more than two brokers. His directive did not come about due to any discussion with Mr. Higgins. Roy also directed Hodges to reinstate the other brokers that Hodges had stopped using, not just Mr. Higgins. Roy stated that Hodges had never reported to him that Mr. Higgins had ever threatened him or made any inappropriate racial comments.

Regarding Hodges' allegations that bad investments on Roy's watch caused the city to lose millions, Roy stated that: (1) he reviews City investments and oversees them, but does not select them; (2) the city may have "lost" interest when interest rates dropped, but it did not lose principal; (3) city employees/investors and market conditions change; and thus, (4) while the City may have lost potential interest, so did many other cities at the time due to the change in market conditions. The "loss" was not because of bad investments, but because market conditions changed.

Regarding the allegation that he viewed inappropriate material at the City Library, Roy stated that he overheard someone express a complaint or concern that inappropriate material could be accessed on the computers at the City's public library. He could not identify who or where exactly he heard the complaint. He therefore personally researched this concern. He discovered in a brief session that he in fact was able to access inappropriate material on the library computer. He did download the material for evidence of his findings. That one time was the only time he accessed/downloaded such material at the City library, and he did so for this research purpose. He had never done so before and had not done so since. Roy said he told the librarian what he was doing and why when she approached him. She did not ask him to leave. If she said she asked him to leave, she is lying. Roy never reported his findings that he was able to access inappropriate material at the library and did not forward the evidence to the City. Roy could not locate the alleged downloaded evidence for the investigator. (Exh. 22, p.2, first paragraph)

Roy denies the allegation that he improperly solicited a campaign contribution from Hodges. Roy stated this allegation by Hodges was false. Roy stated that, to the contrary, it was Hodges who initiated the discussion and asked if Hodges could legally donate to Roy's

campaign, which made Roy uncomfortable. For that reason, both he and Hodges later checked on the legality of campaign contributions. In fact, Hodges even asked Roy for a campaign sign to put in his yard. Roy did not give him one because it would not be in a very visible location in Hodges' yard.

Roy was advised that Hodges stated that Roy's conduct at the CIOC meeting on May 24, 2022 was the primary incident underlying his harassment/retaliation allegation. Roy states that the issue at the meeting arose because a report that was supposed to have his name, title, and signature on it, did not. Roy thus raised the concern that the report was incorrect and incomplete, and that it would not be appropriate to proceed with that agenda item. Roy simply wanted the error corrected, and it was later.

## 18. Findings and Conclusions

1. Risky Investments on Roy's Watch: The allegation that City Treasurer Roy made or oversaw risky investments that cost the City millions is outside the scope of this investigation and beyond the scope of the investigator's expertise.

However, facts discovered in this investigation indicate that:

- a. City Treasurer Roy does not choose or make city investments; trained and experienced city staff does. (Exh. 2; Exh. 3, §§ 2.17, 2.17.1, 2.17.2)
- b. Roy only oversees investments and related matters. (Exh. 2; Exh. 3, §§ 2.17, 2.17.1, 2.17.2)
- c. Market conditions caused a drop in interest rates in about March 2019 causing the City, and many others similarly situated, to lose interest (but not principal). (Exhs. 7, 8)

2. Roy Not Performing His Duties: Hodges' allegation that Roy has not been performing his duties is not sustained.

Evidence considered in reaching this finding includes, and is not limited to:

- a. The City's Municipal Code provides for staff employees to carry out the day-to-day functions of preparing reports, selecting investments, paying bills, etc. (Exh. 2; Exh. 3, section 2.17.1)

- b. City Treasurer Roy is an elected official, not a member of staff.
- c. The Municipal Code states that the City Treasurer's duties are to supervise the office of the City treasurer. (Exh. 3 at 2.17 and 2.17.1)
- d. In practice, the City's trained and experienced city staff performs the bulk of the actual work of preparing reports, selecting investments, paying bills, etc. (See, e.g., the Treasury Manager's job description, Exh. 2)
- e. City Treasurer Roy was performing his duties at the CIOC meeting when raising the issue that a report did not include his name, title, and signature as required. There is no evidence that Roy failed to perform any of his duties.
- f. Part of Hodges' disputes arise from his inconsistent allegation that "unqualified" Roy was becoming more involved in day-to-day Treasury matters.
- g. There appears to be a lack of clarity in practice vs. policy of the elected Treasurer's duties. This potential operational issue is being addressed by the City, and not a subject of this personnel investigation.
- h. Hodges never identified any specific duty that Roy was failing to complete.
- i. Financial Services Director Jill Moya states it would be difficult to determine if Roy is performing his duties or not because of this disparity.
- j. Hodges had increasing resentment towards Roy by June 2022 because of his work stress, Roy attempting to become more involved in day-to-day Treasury matters, and Roy receiving credit for work that over-worked Hodges was performing.

3. **Roy Improper Solicitation of a Campaign Donation:** There is **insufficient evidence** to sustain the allegation that Roy improperly solicited a campaign donation from Hodges.

The facts underlying this finding include, and are not limited to:

- a. Roy initiated the meeting by inviting Hodges to the house where Roy was staying.
- b. Roy denied the allegation and states it was Hodges who asked him if he could donate.

- c. There are no witnesses to the conversation other than Roy and Hodges.
- d. There are no documents, emails, or texts delineating which version of the events occurred.
- e. Subsequent related documents did not indicate specifically whether Roy solicited a donation, or whether Hodges requested to donate. (Exhs. 19, 20)
- f. Hodges' inquiry to the City Attorney at the time only appeared to be an inquiry about campaign contribution rules, and not a complaint or concern that he had been improperly solicited for a donation. (Exh. 20, p.1)
- g. Hodges did not raise any concern about this alleged solicitation in September 2020 until nearly 2 years later in his June 6, 2022 email complaint, after the workplace issues between he and Roy had substantially escalated. (Exh. 1)
- h. It does seem more likely that Hodges would be concerned about having been solicited for a donation, than asking to make one. Similarly, it also seems more likely that elected official Roy would be soliciting donations than employee Hodges offering donations. Nonetheless, the investigator finds insufficient evidence to sustain this charge.

4. **Roy Viewing Inappropriate Material on Computers at the City Public Library**: Hodges' allegation that Roy was caught viewing inappropriate material on a computer at the city public library is **sustained**. Further, it is found that Roy was dishonest in asserting that he was merely investigating a citizen complaint or concern that city library computers were not filtering inappropriate material. He was also dishonest when accusing librarian [REDACTED] of lying about how the incident occurred.

Evidence considered in reaching this finding includes, and is not limited to:

- a. Senior Librarian [REDACTED] saw Roy viewing inappropriate material on a library computer after another librarian came and reported it to her.
- b. [REDACTED] remembered specifically that Roy was viewing [REDACTED] nudes and downloading the material. She also specifically recalled asking Roy to leave, but he did not. He took the inappropriate material off the screen but continued

downloading. Because he was an elected official, and at least took the material off the screen, she did not try to force him to leave and just issued a written warning.

- c. Roy admits he viewed and downloaded inappropriate material as reported, but alleged he was investigating a concern he overheard about such material being accessible on city library computers.
- d. Roy could not identify from whom or where the complaint he was allegedly investigating had originated.
- e. Roy did not immediately (or ever) report the alleged complaint for investigation by appropriate city staff. Roy reported Hodges' alleged performance issues to the City Manager and created an extensive Corrective Action Plan about it, but not an alleged concern that inappropriate materials could be accessed by the public on library computers.
- f. Roy could not recall what he viewed, while ██████ could.
- g. Roy was downloading the inappropriate material, which was not necessary to determine if it could be accessed. Downloading to a zip drive implies it was being viewed and accessed for personal use.
- h. Roy said he was there just that one time, and quickly, to determine if such material could be accessed on library computers as alleged. However, he was there long enough for one librarian to see him, walk over and report it to ██████, who then walked over while he was still there viewing and downloading.
- i. Roy did not leave the library when ██████ asked him to, as was library policy. While he removed the inappropriate material from the screen, he continued downloading. If Roy were genuinely investigating a concern, it would seem he would immediately cease and/or be mortified when library staff saw what he was doing and asked him to leave. Instead, he stayed and continued downloading the inappropriate material.
- j. After Roy allegedly confirmed the allegation that such inappropriate material could be accessed at city library computers, he did not report his findings to ensure this alleged concern was addressed.
- k. Roy could not locate his downloaded evidence for this investigation.

1. Roy's calling [REDACTED] a liar if she said she asked him to leave the library is also dishonest and unbecoming. She has no interest in the matter, was the one put in an awkward situation she did not want to be in, and it was library policy and custom to ask someone to leave upon discovery they were viewing inappropriate material.
- m. Had Roy informed [REDACTED] that he was investigating a complaint that inappropriate material was accessible at library computers, she would have addressed and reported that, not given Roy the equivalent of a written warning.

It is therefore **concluded** that Roy's conduct and statements here violated:

Exh. 9, Rules of Library Conduct, Rule of Conduct 2.2(20) (prohibiting the viewing of material inappropriate for areas [REDACTED])

Exh. 10, Code of Ethics and Conduct for Elected and Appointed Officials, Section A.2 (requiring compliance with City Policy).

Section A.16 ("Positive Workplace Environment").

Exh. 11, Oceanside Personnel Rules and Regulations, Section 7.1.B ("Misuse, misappropriation or negligent handling of City property or funds").

Section 7.1.H ("Wrongdoing, misconduct"); Section 7.1.S (conduct that "causes public discredit to the employee's department or employment").

Exh. 12, Unrepresented Compensation Plan, Section IX.A.2 ("Misuse, misappropriation or negligent handling of City property or funds").

Section IX.A.11 ("Wrongdoing, misconduct"); Section IX.A.18 (conduct that "causes public discredit to the employee's department or employment").

It is further found that Roy was dishonest in asserting that he was merely investigating a citizen concern he overheard that such material was not being blocked and could be viewed on public library computers.

Exh. 11, Oceanside Personnel Rules and Regulations, Section 7.1.I ("Dishonesty or theft")

Exh. 12, Unrepresented Compensation Plan, Section IX.A.8 (“Deliberate dishonesty or theft related to the performance of an employee’s duties”)

5. **Improper Use of City Offices for Personal Use:** Hodges’ allegation that Roy was using city offices for personal use, mostly after hours, is **not sustained**.

Evidence considered in reaching this finding includes, and is not limited to:

- a. As the elected Treasurer, Roy is provided access to a city office.
- b. There is no evidence or accounting of how much time Roy spends there conducting work vs. personal business, if any.
- c. Hodges’ complaint states the real concern here is that staff was aware that Roy had been reported for viewing inappropriate material at the library. It thus then made them uncomfortable when Roy would come to the office at night with his personal laptop with the door closed. (Exh. 1, p.2)
- d. Hodges did not raise this complaint until after tensions between he and Roy had escalated substantially, and immediately after Roy directed Hodges to reinstate Higgins as a broker.

6. **Inappropriate Comments About Recently Deceased Employee Becky Salvatierra:** [REDACTED] that [REDACTED] is **sustained**.

Evidence considered in reaching the findings includes, and is not limited to:

- a. Hodges’ statements and Roy’s failure to contemporaneously deny or explain the allegation.
- b. Moya’s corroborating statements that Roy made disparaging comments about Salvatierra after she passed away.
- c. Roy admitted there were discussions about the cause of Salvatierra’s death, but he alleges it was because he was trying to determine if COVID safety measures needed to be taken.

- d. When Roy's request for Salvatierra's Death Certificate was denied in the presence of Assistant City Manager Gossman, there is no evidence Roy stated it was for evaluation of COVID safety.
- e. There is no evidence that Roy was investigating the cause of Salvatierra's death to determine if COVID safety measures needed to be taken. (Exh. 22, p.3, point 3)
- f. If COVID safety was a genuine workplace safety concern for Roy, he should have raised it immediately to management or other personnel. Roy was able to report Hodges' alleged performance issues to the City Manager in great detail (Exh. 15), but not an alleged concern for COVID infection in the workplace.
- g. It would not be appropriate for the elected Treasurer to investigate a concern of COVID safety or seek Salvatierra's confidential medical information.

It is therefore **concluded** that Roy violated the following policies in making derogatory comments about a recently deceased employee:

Exh. 10, Code of Ethics and Conduct for Elected and Appointed Officials, Section A.3 ("Members shall refrain from . . . personal charges or verbal attacks upon the character or motives of . . . staff")

Section A.16 ("Members shall support the maintenance of a positive and constructive workplace environment")

Section B.3(a) ("Poor behavior towards staff is not acceptable")

Exh. 11, Oceanside Personnel Rules and Regulations, Section 7.1.K (Discourteous Treatment)

Exh. 12, Unrepresented Compensation Plan, Section IX.A.10 (Discourteous Treatment)

7. **Harassment/Retaliation:** Hodge's allegation that he was harassed and retaliated against by Roy is **not sustained**. Hodges' related allegation that Roy improperly raised Hodges' work performance at a May 24, 2022 Citizen's Investment Oversight meeting is **sustained**.

Evidence considered in reaching these findings include:

- a. There is no evidence that Roy took any action for the purpose of causing any adverse employment action to Hodges, or that Hodges was subjected to any adverse employment action.
- b. As made clear through this report, the issues here arise from both Hodges' and Roy's escalating workplace disputes and hostilities. Hodges objected to "unqualified" Roy's increasing involvement in daily matters, while elected Treasurer Roy began referring to Hodges as a liar, a jerk, a dictator, etc.
- c. Primarily however, the video of the May 24, 2022 Citizen's Investment Oversight Meeting shows Roy and Hodges' public argument escalate to the point where both are inappropriate and unprofessional. Roy then does raise allegations about Hodges' (and Moya's) work performance. (Meeting Video at 00:14:55-00:19:30; 00:22:15-00:22:46; 00:23:50-00:24:23; 00:33:08-00:33:16; 00:33:45-00:34:00; 00:51:00-00:51:10; 01:02:00-1:02:08)
- d. The bickering resulted in confusion, discomfort, and concern among the other Committee members about whether the City was in compliance, whether it would pass an audit, and whether someone was being removed. (Meeting Video at 00:21:52; 00:22:55; 00:27:28; 00:29:02; 00:30:35)

It is therefore **concluded** that Roy's conduct at the meeting violated:

Exh. 10, Code of Ethics and Conduct for Elected and Appointed Officials, Section B.3 ("Elected and appointed officials shall never express concerns about the performance of a City employee under the supervision of the City Manager or City Attorney in public, to the employee directly, or to the employee's manager")

Exh. 10, Code of Ethics and Conduct for Elected and Appointed Officials, Section A.3 ("Members shall refrain from . . . personal charges or verbal attacks upon the character or motives of . . . staff")

Section A.16 ("Members shall support the maintenance of a positive and constructive workplace environment")

Section B.3(a) ("Poor behavior towards staff is not acceptable")

Exh. 11, Oceanside Personnel Rules and Regulations, Section 7.1.K (Discourteous Treatment)

Exh. 12, Unrepresented Compensation Plan, Section IX.A.10 (Discourteous Treatment)

[REDACTED]

8. **Roy Excluded from Treasury Matters as a Whistleblower:** It is found that Roy’s cross-complaint of being excluded from Treasury Department matters because he “blew the whistle” on whether or not Salvatierra had attended a pre-paid professional conference is **not sustained.**

While Moya and Hodges undeniably made clear that Roy’s increasing involvement in daily matters was not welcome, they were equally clear it was because: (1) they believe he is unqualified; and (2) he therefore should not be interfering in daily operations which are handled by qualified, trained, experienced full-time employees.

[REDACTED] (1) All findings were based on the current evidence, statements, and documents, as specifically delineated in support of each finding, [REDACTED]

19. **Recommendations**

1. The City should take all appropriate responsive, remedial, corrective, disciplinary, training, and/or other actions it deems appropriate and warranted consistent with the facts, findings, and conclusions and consistent with City policy, practice, and goals.

2. Pursuant to the City’s Investigation Policy, notify the complainant that the investigation is concluded and its general outcome.

3. Notify the witnesses that the investigation is complete and that the “do not discuss” order is lifted.

Please do not hesitate to contact me if you have any questions or comments.

Sincerely,

THE ZAPPIA LAW FIRM  
A Professional Corporation



Edward P. Zappia

Attachments 1-23