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TRANSCRIPTION OF RECORDED INTERVIEW

OF

Tony Perez

September 26, 2012
Sacramento, California

Investigation of Department of Parks
and Recreation - Financial Irregularities

Interviewed by: Thomas M. Patton
Deputy Attorney General
Office of the Attorney General
State of California

Transcribed by: Penina Wolicki
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1 MR. PATTON: All right. It's 11:35
2 a.m., Wednesday, September 26, 2012. Thomas
3 M. Patton Deputy Attorney General speaking,
4 with me is agent Michael Madsen (ph.) from the
5 Department of Justice.

6 And we have with us -- if you'd
7 introduce yourself; spell your last name.

8 MR. PEREZ: Tony Perez. That's
9 P-E-R-E-Z. Um --

10 MR. PATTON: And Mr. -- go ahead.

11 MR. PEREZ: No, just the ex-Deputy
12 Director of Park Operations.

13 MR. PATTON: Yeah. So what I
14 understand, you're on the organization charts
15 I've seen as having run Parks Operations.

16 MR. PEREZ: Right.

17 MR. PATTON: Which I also understand
18 is -- I mean, that's the big part of the whole
19 thing. That's all the parks.

20 MR. PEREZ: Right, it's -- you know,
21 we -- we've estimated we probably have about
22 eighty percent of the budget, eighty percent
23 of the employees working within Park
24 Operations. And so my scope of responsibility
25 included all of the State Parks, the district

1 superintendents who were responsible for all
2 the unit parks, reported to me through two
3 division chiefs: the Northern and the
4 Southern Division Chief.

5 And then I was also responsible
6 for internal --

7 MR. PATTON: Let me -- I didn't -- I
8 never. Stop just for a second. So all the
9 district supervisors report to Parks
10 Operations. They're part of Parks Operations?

11 MR. PEREZ: Correct.

12 MR. PATTON: And there's how many
13 districts?

14 MR. PEREZ: There were twenty,
15 twenty-one districts, not including OHV. OHV
16 had six -- has six.

17 MR. PATTON: Okay.

18 MR. PEREZ: And they report to their
19 de -- their deputy director --

20 MR. PATTON: Right.

21 MR. PEREZ: -- OHMVR.

22 MR. PATTON: So you had twenty-one
23 or twenty-two, you said.

24 MR. PEREZ: I think it's twenty. I
25 thought it was --

1 MR. PATTON: Okay.

2 MR. PEREZ: -- ten and ten. So
3 I'm pretty sure --

4 MR. PATTON: Districts?

5 MR. PEREZ: Districts.

6 MR. PATTON: District supervisors?

7 MR. PEREZ: They're superintendents.

8 MR. PATTON: Superintendents.

9 MR. PEREZ: So they're -- they are
10 the upper level manager of that. And in each
11 district you could have as many as maybe
12 fifteen park units --

13 MR. PATTON: Um-hum.

14 MR. PEREZ: -- within that.

15 MR. PATTON: I didn't -- what I
16 didn't realize, you mentioned a North and
17 South Division?

18 MR. PEREZ: Um-hum.

19 MR. PATTON: And that that pers --
20 the person who heads up a division is what, a
21 division director?

22 MR. PEREZ: Is a division chief.

23 MR. PATTON: Okay. And they report
24 to you?

25 MR. PEREZ: And they report to me.

1 MR. PATTON: And so each of them,
2 basically those twenty or so district
3 superintendents are split in half, and half
4 report --

5 MR. PEREZ: It was twelve in
6 Northern and eight in Southern.

7 MR. PATTON: Okay.

8 MR. PEREZ: Right.

9 MR. PATTON: I didn't realize that
10 there was another level called a division
11 chief.

12 MR. PEREZ: Chief, yes. Yes.

13 MR. PATTON: Oh, okay.

14 MR. PEREZ: Field Division Chief.

15 MR. PATTON: All right.

16 MR. PEREZ: And so, and in that, we
17 also had division chiefs that were responsible
18 for, again, their counterparts for, let's say,
19 interpretation and education or cultural
20 resources division chief or environmental
21 division chief.

22 MR. PATTON: Okay.

23 MR. PEREZ: And so on and down that
24 line.

25 MR. PATTON: So walk me through your

1 career. You apparently had a long career at
2 Parks?

3 MR. PEREZ: I had --

4 MR. PATTON: When you came in you
5 were telling us you retired with thirty years
6 with a peace officer pension.

7 MR. PEREZ: Right. Right.

8 MR. PATTON: And did you do all
9 thirty with Parks?

10 MR. PEREZ: No.

11 MR. PATTON: Okay.

12 MR. PEREZ: I had eight years with
13 the California Conservation Corps as a crew
14 supervisor.

15 MR. PATTON: Um-hum.

16 MR. PEREZ: I came over to the
17 department through a -- at a one-time
18 Resources Agency Management training program,
19 where we did assignments -- seven-month
20 assignments with Fish & Game; Department of
21 Conservation; all the agencies that are under
22 Resources. They had a rotation. You could
23 pick. And I was selected to participate in
24 that management program, and then was
25 selected -- I got Parks & Rec; Fish & Game;

1 and Department of Conservation.

2 When I came over to Parks & Rec they
3 had a position open. They offered me the job,
4 and I took it. And that's --

5 MR. PATTON: And that --

6 MR. PEREZ: -- when I switched over.

7 MR. PATTON: -- and that -- what was
8 your first job at Parks & Rec?

9 MR. PEREZ: I was the safety and
10 enforcement specialist.

11 MR. PATTON: Okay. And when did
12 you -- what year did you start in with Parks
13 in that position?

14 MR. PEREZ: I did a training and
15 development assignment in 1987, and completed
16 my post-academy in 1989.

17 MR. PATTON: Okay. And you said the
18 first position was safety and what?

19 MR. PEREZ: What we called a safety
20 and enforcement --

21 MR. PATTON: Okay.

22 MR. PEREZ: -- specialist position.
23 And that was with the OHV Division.

24 MR. PATTON: Okay. And then sort of
25 walk me through your history then in --

1 MR. PEREZ: So --

2 MR. PATTON: -- Parks?

3 MR. PEREZ: -- spent about three
4 years out of headquarters in a headquarters
5 assignment, out of -- here, out of Sacramento.
6 Took a position with -- oh, no. Actually,
7 that was during Phoenix in 1993.

8 MR. PATTON: That was what?

9 MR. PEREZ: It's insider episode in
10 the department. It's what we call the Phoenix
11 period, when we were doing a downsizing.
12 People were being laid off.

13 MR. PATTON: This is the early
14 nineties?

15 MR. PEREZ: Yes, 1993/92 -- late
16 '92.

17 MR. PATTON: Okay.

18 MR. PEREZ: It took about a year.
19 Basically what I was told, I was the least
20 senior person in my position and I spent one
21 year with the Bureau of Land Management --

22 MR. PATTON: Um-hum.

23 MR. PEREZ: -- as a recreation
24 planner there.

25 MR. PATTON: So you left state for a

1 year --

2 MR. PEREZ: Well, what I did is what
3 they -- the federal government has a loaned
4 executive program. And so basically I was
5 under the books of a State employee, but the
6 federal government reimbursed the State.

7 MR. PATTON: Okay.

8 MR. PEREZ: Okay? So I was a
9 contract employee.

10 MR. PATTON: That was like '93?

11 MR. PEREZ: That was '93.

12 MR. PATTON: Okay.

13 MR. PEREZ: And then found out that
14 there was one position left open on the whole
15 department, and they asked me to come back.
16 And I came back --

17 MR. PATTON: As?

18 MR. PEREZ: -- as a chief ranger.

19 MR. PATTON: Nice. '94?

20 MR. PEREZ: And that was out of --
21 that was '94.

22 MR. PATTON: Okay.

23 MR. PEREZ: Right around that time.
24 And then I was out of Carnegie, which is a
25 unit right near -- outside of Tracy.

1 MR. PATTON: Um-hum.

2 MR. PEREZ: And did that for about,
3 oh, I'd say about three years. Then I -- the
4 big problem with that is I was living in
5 Auburn, commuting to Tracy, doing that for
6 three years. We still weren't out of the --
7 you know, sort of that -- that lower -- there
8 weren't any positions and being able to
9 promote. And so I was looking for a
10 promotional opportunity. CCC came back to me
11 and they asked me if I would go over and take
12 over the Emergency Management Division for
13 them.

14 MR. PATTON: California Conservation
15 Corps?

16 MR. PEREZ: California Conservation
17 Corps. I did another tr --

18 MR. PATTON: Now, that's under
19 Resources --

20 MR. PEREZ: It is.

21 MR. PATTON: -- Agency as well. But
22 that's not part of Parks?

23 MR. PEREZ: It's not part of Parks.

24 MR. PATTON: Right.

25 MR. PEREZ: Right.

1 MR. PATTON: So about '97 you went
2 to California Conservation Corps?

3 MR. PEREZ: '97, right --

4 MR. PATTON: Okay.

5 MR. PEREZ: -- went over to the
6 California Conservation Corps; did a temporary
7 assignment with them for about a year, year
8 and a half, and ran their Emergency
9 Division --

10 MR. PATTON: Um-hum.

11 MR. PEREZ: -- their response
12 division. And then came back to the
13 Department when I was able to get promoted as
14 the District Superintendent for both Carnegie
15 and Prairie City, which was the Twin Cities
16 District. And then at that point --

17 MR. PATTON: What do we have in
18 Carnegie?

19 MR. PEREZ: These are OHV divisions.

20 MR. PATTON: Okay.

21 MR. PEREZ: So they're OHV -- SVRAS.

22 MR. PATTON: Yeah.

23 MR. PEREZ: They're vehicle
24 recreation areas. And so basically motorcycle
25 parks. Okay? And Prairie City is the local

1 one out of Sacramento, again, another
2 motorcycle park; much, much smaller, but
3 they're -- both units are run out of a
4 district --

5 MR. PATTON: Um-hum.

6 MR. PEREZ: -- and so we're
7 responsible for both.

8 MR. PATTON: Okay.

9 MR. PEREZ: At that point, I spent
10 about three years doing that -- maybe two --
11 yeah, probably about three years.

12 MR. PATTON: So you came back and
13 you took that District Superintendent spot,
14 what, in like '98, '99 maybe?

15 MR. PEREZ: I'm thinking '99.

16 MR. PATTON: Okay.

17 MR. PEREZ: I'm thinking '99.

18 MR. PATTON: All right.

19 MR. PEREZ: Okay. Somewhere like
20 around 2002 -- somewhere like around 2002 I
21 got asked by the Director of the Department,
22 Rusty Areias to take the Capital assignment --

23 MR. PATTON: Okay.

24 MR. PEREZ: -- as the superintendent
25 there. Did that for two and a half years.

1 When I was asked if I --

2 MR. PATTON: So the Capital is a
3 district as well? There's a district --

4 MR. PEREZ: It was actually a
5 sector -- I'm sorry. Capital Museum --

6 MR. PATTON: Okay.

7 MR. PEREZ: --I should be real, real
8 clear there. It's -- the Capital District
9 is -- includes Old Sacramento, the Capital
10 Museum, Sutter's Fort, and that's about it.
11 But I just was responsible for the Capital.

12 MR. PATTON: Okay.

13 MR. PEREZ: One, it was a very
14 highly politically charged environment. We
15 were having problems there. And pretty high
16 level is what we call a Superintendent III
17 level.

18 MR. PATTON: Um-hum.

19 MR. PEREZ: And basically in charge
20 of exhibits; in charge of the guide program
21 that the legislators use, that at one time
22 reported to the legislative body, but they
23 transferred over to State Parks. And so I did
24 that for two and a half years.

25 MR. PATTON: Okay.

1 MR. PEREZ: Then I got asked --

2 MR. PATTON: That was about '04 --
3 now we're up to '04, I think.

4 MR. PEREZ: I'm thinking more
5 like -- it might have been '04.

6 MR. PATTON: Okay.

7 MR. PEREZ: I'm sorry, I wish --

8 MR. PATTON: No, no --

9 MR. PEREZ: -- I would have brought
10 a resume in and we could --

11 MR. PATTON: -- approximate is close
12 enough.

13 MR. PEREZ: Okay. And then '04 I
14 came over -- came -- got asked to do -- if I
15 would consider being the Chief of the OHMVR
16 Division.

17 MR. PATTON: Um-hum.

18 MR. PEREZ: This is a person who
19 we -- who was very similar to the Northern and
20 Southern Division --

21 MR. PATTON: Yeah.

22 MR. PEREZ: -- Chiefs.

23 MR. PATTON: Yeah.

24 MR. PEREZ: Reported to the Deputy
25 Director. At that time it was Dave Widell.

1 And again, responsible for the operation of
2 all of the division, as far as the -- and also
3 responsible for the grant program, which is
4 pretty extensive.

5 MR. PATTON: Okay.

6 MR. PEREZ: Over there. Did that
7 for two and a half years. And then came over
8 to the Park Operations as the Southern
9 Division Chief. I worked for Ted Jackson --

10 MR. PATTON: Do you remember what
11 year that was? '07 maybe, '06?

12 MR. PEREZ: I think in '07.

13 MR. PATTON: Okay.

14 MR. PEREZ: '07, '08 -- '07, '08.

15 MR. PATTON: So you were the -- you
16 were the Division Chief for the Southern --

17 MR. PEREZ: For Southern Division.

18 MR. PATTON: Okay. And starting
19 around '07?

20 MR. PEREZ: Um-hum.

21 MR. PATTON: Okay.

22 MR. PEREZ: Did that for about three
23 years. Ted Jackson left -- '07 -- probably in
24 about 2010, maybe 2009. God, this was just a
25 little while ago, too. And I can't even

1 remember.

2 MR. PATTON: He was the former
3 Deputy Director for Parks --

4 MR. PEREZ: He was the former --

5 MR. PATTON: -- Ops?

6 MR. PEREZ: -- Deputy Director,
7 right.

8 MR. PATTON: Yeah.

9 MR. PEREZ: So he ran -- and the
10 reason is, it just happened so quick, so
11 unexpected. He just -- he resigned, he left.
12 The next day I was put as acting, and didn't
13 want the job, did not apply for the job.
14 Nobody applied for the job. Then came back on
15 the second go and took it.

16 MR. PATTON: When Ted left?

17 MR. PEREZ: When Ted left.

18 MR. PATTON: And I think -- I think
19 you went into it in '09, according to the
20 organization charts.

21 MR. PEREZ: Okay. All right.

22 MR. PATTON: Does that sound about
23 right?

24 MR. PEREZ: That does sound about
25 right.

1 MR. PATTON: Okay.

2 MR. PEREZ: It does sound about
3 right. That's -- and I was in an acting
4 position for about five months, you know what
5 I mean --

6 MR. PATTON: All right.

7 MR. PEREZ: -- it was a little
8 while.

9 MR. PATTON: Okay. And then you
10 were acting and then the --

11 MR. PEREZ: And then took --

12 MR. PATTON: -- you were full-time
13 appointed.

14 MR. PEREZ: -- full-time
15 appointment.

16 MR. PATTON: Parks Operations Deputy
17 Director from '09 till you retired.

18 MR. PEREZ: Yes.

19 MR. PATTON: And you retired when?

20 MR. PEREZ: Two thousand -- we're in
21 2012? So I retired in December 2011.

22 MR. PATTON: Okay. And you've been
23 retired since.

24 MR. PEREZ: Worked for six months --

25 MR. PATTON: Oh, did you?

1 MR. PEREZ: -- as a retired
2 annuitant.

3 MR. PATTON: Doing the same thing?

4 MR. PEREZ: Doing the same job.

5 MR. PATTON: Okay. So you stayed in
6 through 2012 for six months?

7 MR. PEREZ: Correct.

8 MR. PATTON: As an RA?

9 MR. PEREZ: Correct.

10 MR. PATTON: RA as Ops Deputy
11 Director. And then that ended what, June,
12 July?

13 MR. PEREZ: June 30th.

14 MR. PATTON: Okay. Okay. Well,
15 that's great. That sounds like you had a nice
16 long successful career here.

17 So I indicated on the phone, and I
18 think you've seen the new reports; we're
19 obviously looking at this story that was
20 reported about some financial discrepancies,
21 undisclosed monies, or a reserve, some people
22 have referred to in the -- primarily we're
23 looking at the SPRF -- State Parks and Rec
24 Fund.

25 MR. PEREZ: Um-hum.

1 MR. PATTON: And you indicated,
2 yeah, you might know something about that.
3 You've got something to tell us, so --

4 MR. PEREZ: Well --

5 MR. PATTON: Tell us what you can.

6 MR. PEREZ: Okay.

7 MR. PATTON: When you heard about
8 it; what you know.

9 MR. PEREZ: We were hearing -- we
10 were hearing rumors and basically it was
11 really coming from Dave Saxby, is that we have
12 a lot of money in SPRF. I didn't really know
13 what that meant.

14 MR. PATTON: Um-hum.

15 MR. PEREZ: You know, one, it's
16 because I couldn't access the dollars, you
17 know. And so for me, we know that we have
18 sort of a fluctuating SPRF balance. And I say
19 that it's because depending on how much
20 revenue we're bringing in, really kind of
21 determines, you know, where we are on that
22 number, I guess.

23 So the year before, we had found
24 ourselves with a large surplus --

25 MR. PATTON: When "we", you're

1 talking about the Parks Operations side?

2 MR. PEREZ: No, I'm actually talking
3 the Department.

4 MR. PATTON: Okay.

5 MR. PEREZ: Okay?

6 MR. PATTON: The year before you'd
7 found yourself with a surplus. Do you
8 remember what year that might have been?

9 MR. PEREZ: Yeah. So that was -- so
10 we're in '11/'12. That would have been
11 '10/'11 --

12 MR. PATTON: Okay.

13 MR. PEREZ: -- fiscal year.

14 MR. PATTON: Okay.

15 MR. PEREZ: Okay? And when I say
16 large, I mean, you know, several million
17 dollars. Okay? I mean, not -- I didn't know
18 how excessive it was. And so what I guess
19 what I'm trying to relate is that there was a
20 moment when Dave was saying hey, we've got a
21 lot of money in SPRF. And then Michael Harris
22 might have mentioned that, you know, we've got
23 some monies there that will kind of help us
24 make up any sort of shortfalls, I guess.

25 And there was never -- what I didn't

1 realize is that there was a discrepancy in
2 what people were talking about as far as how
3 much SPRF money we have and then what they
4 were reporting back. I was never involved in
5 that and didn't know anything about that. I
6 had no idea what the Department was saying,
7 what our balance -- fund balance was.

8 And so for me, that's -- you know,
9 I've been reading the papers -- that was the
10 disconnect for me.

11 MR. PATTON: Um-hum.

12 MR. PEREZ: I always thought that we
13 were talking about, when they talked we have
14 monies, was that sort of, you know, some years
15 we do really well on advance reservations,
16 we -- our concessions do well. I mean, San
17 Diego alone -- San Diego, our concession
18 operation, I mean, at one time we brought in,
19 you know, maybe 500,000. And then the next
20 year, because we fixed it, and we did some
21 differences, we brought in close to 2 million
22 dollars. That's a significant gap.

23 But it took us a while to get there.
24 And during the fire seasons in San Diego, many
25 of our campgrounds were closed. And we had to

1 close huge, big campgrounds, very popular
2 campgrounds. And so that had a huge impact on
3 our SPRF. And so I thought it was more of
4 that.

5 We had a recent increase in our
6 fees. We estimated what that number would be,
7 and we underestimated it. And we got a bump
8 up of that.

9 And so for me, when we started
10 talking -- or they were talking surplus, it
11 was like, oh, okay, there's -- our revenue
12 hasn't -- you know, we haven't adjusted for
13 how much revenue consists of monies that we're
14 bringing. We've been focusing our
15 superintendents, wanting them to earn more
16 revenue and thought that okay, we're starting
17 to see, you know, starting to see some of
18 that.

19 MR. PATTON: So when they -- when
20 Dave Saxby talked about we have a lot of money
21 in SPRF, you thought it was we've seen
22 increased revenues that we haven't allocated
23 that we didn't realize we were going to
24 realize.

25 MR. PEREZ: Right. Right.

1 MR. PATTON: Okay.

2 MR. PEREZ: You know, there's that
3 six million dollars that was never allocated
4 out, but we had the window to be able to spend
5 it.

6 MR. PATTON: What six million is
7 that? Are you talking about -- you're back in
8 the 2010/11 fiscal year?

9 MR. PEREZ: No. We're talking
10 probably came about in the 2007/2006, where
11 the legislature said look, if you earn more --
12 if you can -- you can spend up to six million
13 dollars on wastewater projects, deferred
14 maintenance projects, all dealing with
15 wastewater, but you have to earn it first.
16 And you have to be sure that you've earned it.

17 So there's a reluctance for us to
18 allocate that out in the front end of the
19 year --

20 MR. PATTON: Right.

21 MR. PEREZ: -- until we really
22 know -- and a lot of times, you know, we don't
23 know until late if we're --

24 MR. PATTON: Right.

25 MR. PEREZ: -- going to be able to

1 hit that number.

2 MR. PATTON: Right.

3 MR. PEREZ: So that for us was that
4 six million dollars. And we started hitting
5 it year, after year, after year. But we
6 didn't start allocating it out and feel
7 comfortable with it, probably until about the
8 third year. So I thought a portion of that
9 was that six million, and then maybe plus
10 that.

11 And so that plus could have been
12 anywhere from another two million to four
13 million, you know. So I was surprised with
14 the twenty-two million dollar number. I --
15 you know, I imagined, okay, probably, you
16 know, it might be ten million. You know?

17 MR. PATTON: Um-hum.

18 MR. PEREZ: But again, in Park
19 Operations, we kind of look at that and said,
20 okay, that's that six million. We have to
21 make a decision whether we can spend it. And
22 then that four million is like, that's -- you
23 could be four million under, any one year.

24 MR. PATTON: So when Dave Saxby -- I
25 think Dave Saxby came here -- I'm trying to

1 remember -- it was later -- I think it was '09
2 or '10 --

3 MR. PEREZ: Yes, it was. It was
4 late. Probably in '10, he came in. But the
5 '09/'10 fiscal year, yeah.

6 MR. PATTON: I think that's right.
7 So he -- when he said we've got some extra
8 monies in SPRF, then he -- that must have been
9 in reference in to the 2010/11 -- when you
10 first talked about him mentioning we've got a
11 lot of money in SPRF, that's in reference to
12 the 2010/11 budget?

13 MR. PEREZ: No, I really started to
14 hear it in this -- you know, '11/'12.

15 MR. PATTON: Oh, okay.

16 MR. PEREZ: We st -- yeah, I started
17 to hear it in probably January --

18 MR. PATTON: Okay.

19 MR. PEREZ: -- you know, that there
20 was -- you know --

21 MR. PATTON: Of this year?

22 MR. PEREZ: Of this year, yeah.

23 MR. PATTON: Okay.

24 MR. PEREZ: Yeah.

25 MR. PATTON: So that sounds like

1 it's relates more to -- we've heard about
2 there was an -- there was an unexpended --
3 there was an unallocated amount of money that
4 they were starting to see at the beginning of
5 this year, and that kind of played into --

6 MR. PEREZ: Right.

7 MR. PATTON: -- the vacation buyout
8 expenditures, I think.

9 MR. PEREZ: Well, and I never -- you
10 know, I don't know, because for me, it's --
11 you know, when they talk about -- I knew that
12 we had ex -- we had used all of our allocation
13 of SPRF and gotten it out. We made a
14 conscious decision that we were going to do
15 that.

16 MR. PATTON: Um-hum.

17 MR. PEREZ: So we were going to
18 allocate the six million dollars out that we
19 had always in past years kind of held back,
20 because we were confident we were going to hit
21 it, because we'd been hitting it over the
22 years.

23 So then, when they were talking
24 about this I was -- I always thought that that
25 was money we couldn't tap. You know, we're

1 not going to be able to tap it because the
2 legislature hasn't given us the authority to
3 spend. There was no authority to spend those
4 dollars.

5 MR. PATTON: Which dollars are you
6 talking about now?

7 MR. PEREZ: I'm talking about those
8 dollars that they were talking about.

9 MR. PATTON: They -- in the
10 beginning --

11 MR. PEREZ: Saxby.

12 MR. PATTON: -- of this year?

13 MR. PEREZ: Yeah, yeah.

14 MR. PATTON: He was talking about
15 dollars that -- you thought he was talking
16 about dollars in the SPRF fund that there was
17 no legislative authority, no appropriation to
18 spend?

19 MR. PEREZ: Right. Right.

20 MR. PATTON: Like -- but you
21 perceived them to be revenues in excess of
22 what had been anticipated?

23 MR. PEREZ: Right. Right.

24 MR. PATTON: Okay.

25 MR. PEREZ: Right.

1 MR. PATTON: Okay. So you never
2 heard -- nobody ever told you anything about
3 well, there's actually some undisclosed
4 monies?

5 MR. PEREZ: No, no.

6 MR. PATTON: Okay.

7 MR. PEREZ: Not at -- no. Not at --
8 not that straightforward.

9 MR. PATTON: Yeah.

10 MR. PEREZ: You know? And not that
11 there were undisclosed dollars that, you know,
12 we might be able to use if we can get the
13 legislature -- I mean, that would have been
14 how we would have been thinking. Hey, we have
15 dollars. Maybe we can get the legislature,
16 the governor, to agree that we can tap into
17 those dollars --

18 MR. PATTON: Okay.

19 MR. PEREZ: -- to kind of hold us
20 over.

21 MR. PATTON: Got it.

22 MR. PEREZ: Yeah.

23 MR. PATTON: Okay.

24 MR. PEREZ: Yeah.

25 MR. PATTON: You also indicated --

1 so you were a division chief for OHV. You
2 spent a lot of time with the OHV.

3 MR. PEREZ: Um-hum, I did. Most of
4 my career.

5 MR. PATTON: Yeah.

6 MR. PEREZ: Um-hum.

7 MR. PATTON: Did you -- you, I
8 assume, then, you got fairly familiar with
9 their -- that's sort of a separate budget
10 item?

11 MR. PEREZ: Um-hum. Um-hum.

12 MR. PATTON: It is a separate
13 account.

14 MR. PEREZ: Um-hum.

15 MR. PATTON: Separate revenue
16 source. Did you have occasion to see, over
17 the years, the -- those numbers?

18 MR. PEREZ: You know, I didn't. And
19 I'll tell you why -- why I didn't. At that
20 time, I made that jump from a Superintendent
21 III into a Division Chief. It was a pretty
22 significant jump. I was very, very focused on
23 running the operations of the division and
24 managing the people. I had a very capable
25 budget officer over there who had been there

1 for probably ten years.

2 MR. PATTON: Who was that?

3 MR. PEREZ: Joan Grammer.

4 MR. PATTON: Okay.

5 MR. PEREZ: And maybe close to
6 fourteen years.

7 MR. PATTON: Um-hum.

8 MR. PEREZ: At OHV. And she worked
9 for Jerry Johnson, who was the previous Chief
10 there. And the reason I say that is -- is
11 that when I came over, on that day that I
12 started my first day was the day that Dave
13 Widell was taken out as the Deputy Director.
14 So I didn't -- I was playing catch-up for two
15 frickin' years there, and just holding onto my
16 seat, because it was going at 150. I'm not --
17 not making any apologies for it. It's just
18 the way it was.

19 MR. PATTON: You had a lot to do.
20 Joan Grammer had been there for years by the
21 time you arrived at OHV.

22 MR. PEREZ: Right.

23 MR. PATTON: And so you left the
24 budget issues to her?

25 MR. PEREZ: I left the budget issues

1 for her. It sort of -- you know, I mean, we
2 always -- you didn't have to pay that much --
3 close attention to it. And I only say this
4 because we knew what we were allocating for
5 the grants program.

6 MR. PATTON: Um-hum.

7 MR. PEREZ: That was a certain
8 number. And then we knew what we were
9 allocating for the operation of the SVRAs.

10 MR. PATTON: Yeah.

11 MR. PEREZ: And those are the two
12 numbers that I managed. Those are what I was
13 paying attention to. I did the allocations
14 based on those numbers.

15 MR. PATTON: Yeah.

16 MR. PEREZ: But doing the fund
17 balance and everything like that --

18 MR. PATTON: Yeah.

19 MR. PEREZ: -- is I have to tell
20 you, it just -- I never had the time --

21 MR. PATTON: Sure.

22 MR. PEREZ: -- to be able to get
23 into those details.

24 MR. PATTON: Okay.

25 MR. PEREZ: Yeah, yeah.

1 MR. PATTON: All right. I don't
2 know that we have any more questions for you.
3 Mike, do you have any questions?

4 MR. MADSEN: No, I don't.

5 MR. PEREZ: No, I know I'm -- you
6 know, I'm just -- I was out of -- out of the
7 clue. I'm out of the clue here.

8 MR. PATTON: Yeah.

9 MR. PEREZ: Yeah.

10 MR. PATTON: No problem. All right.

11 MR. PEREZ: Hey, if I just might
12 want to say something?

13 MR. PATTON: Sure.

14 MR. PEREZ: Just --

15 MR. PATTON: Yeah, no I --

16 MR. PEREZ: -- just you know, one of
17 the things, you know, I've been kind of
18 reading through the papers and kind of seeing
19 this whole thing with, you know, with the
20 Director and then Michael Harris sort of
21 taking that big hit.

22 You know, I firmly believe that
23 anything Michael Harris knew, as far as the
24 budget and what was being reported to finance,
25 Ruth Coleman knew about it. There was nothing

1 that Michael Harris would not update her on
2 anything to do with what he was doing. That
3 was just -- that was just normal for him. And
4 you know, I was pretty aghast and pretty upset
5 that the director would, you know, literally
6 dump it on both Manuel and Michael as kind of
7 like, no, I knew nothing about it, and these
8 guys were rogue.

9 MR. PATTON: So you just don't
10 believe that?

11 MR. PEREZ: I don't.

12 MR. PATTON: Because what I guess
13 what I'm hearing you saying is that any aspect
14 of the budget and finances in this agency that
15 Michael Harris knew about, she knew about?

16 MR. PEREZ: Yeah, they were budget
17 geeks. Both of them were there out of the --
18 you know, out of the budget, there in the
19 legislature. They came out of that same
20 office. They understood the budget at a whole
21 different level than normal. That --

22 MR. PATTON: On a very expert level?

23 MR. PEREZ: Very expert. Very
24 expert. And --

25 MR. PATTON: And did you -- did you

1 ever witness Harris and Coleman, I mean,
2 sitting down together and poring over line
3 items and budgets?

4 MR. PEREZ: I've seen them going
5 over budgets, line items, preparing for a
6 legislative hearing.

7 MR. PATTON: Um-hum.

8 MR. PEREZ: You know, that -- I
9 mean, that was calendared, and they would be
10 in there and so -- over the years. You know.
11 Even as the Division Chief, you know, you knew
12 that Ruth was preparing to go over to the
13 legislature.

14 MR. PATTON: Were you ever involved
15 in any meetings, conversations, witnessed
16 anything that was involved in the preparation
17 of fund condition documents --

18 MR. PEREZ: No.

19 MR. PATTON: -- going to finance?

20 MR. PEREZ: No.

21 MR. PATTON: You never saw Michael
22 or Ruth --

23 MR. PEREZ: No.

24 MR. PATTON: -- poring over those?

25 MR. PEREZ: No.

1 MR. PATTON: Okay.

2 MR. PEREZ: No, I wouldn't. Because
3 I wasn't -- I was never asked to attend
4 Department of Finance meetings during those
5 times. No.

6 MR. PATTON: So you're -- what
7 you're telling me is, it's in a -- kind of --
8 it's an opinion based on your knowledge as
9 to --

10 MR. PEREZ: It is an opinion.

11 MR. PATTON: -- as to their
12 respective levels --

13 MR. PEREZ: Correct.

14 MR. PATTON: -- of expertise.

15 MR. PEREZ: It is -- it is an
16 opinion. Knowing how Michael operated and
17 ran, as the Chief Deputy Director, and what he
18 believed his responsibility was, I know for a
19 fact, that he would have updated Ruth on every
20 aspect of any decision that he was making;
21 anything to do with the legislature, the
22 Department of Finance, any control agency.

23 MR. PATTON: So basically what
24 you're telling me is he wouldn't make any
25 significant financial decision or decision not

1 to disclose --

2 MR. PEREZ: Absolutely not.

3 MR. PATTON: -- without her being in
4 the loop?

5 MR. PEREZ: Absolutely not.

6 MR. PATTON: Okay. Anything else
7 that you want to tell us?

8 MR. PEREZ: No. I -- you know, I'm
9 just -- I am dishearted (sic) that this level
10 of tension has come over the Department. You
11 know, I don't believe -- you know, I just
12 can't believe there was any malfeasance or any
13 intention to hurt the Department by even -- by
14 even the folks involved.

15 And I just know that we've been
16 under a tremendous amount of pressure with our
17 budgets continuously being cut. It was no
18 secret that at OHV, if you had a couple
19 million of dollars hanging out, it was going
20 to get swiped on the premise that it was going
21 to be a loan. But it never got paid back.

22 And that was -- that, for us, was
23 very frustrating, because -- especially at the
24 OHV Division, you know. They meet with their
25 stakeholders every week. I mean, they are --

1 you know, and a lot of times you would be
2 taking -- you'd have dinner with them, doing
3 business. And here they were watching their
4 money being sucked up into this abyss, and
5 people just saying hey they -- we have the
6 authority to do it; we can do it.

7 And so there was -- you could feel
8 their total like animosity with you, because
9 you're part of the system, and you're just
10 like, hey, we can't control this.

11 You know, I don't -- I don't know if
12 anybody would resort to try to hide money.
13 But you know, it -- you would kind of look at
14 it and said, you know, if we can just hold
15 onto this, maybe we can buy this piece of
16 property. And so I don't think anybody was
17 consciously trying to do that, but man.

18 You know, I kind of question, if I
19 knew how to do that, if I knew how to do that,
20 I might have done it. But I had no clue. You
21 know, how do you hide -- you know, I just had
22 no clue, how do you hide that kind of money.

23 But dammit, if I knew how to do it,
24 so that I could ensure that I had the monies
25 available to be able to buy that piece of

1 property that's coming up in the next couple
2 years and keep it in that fund, especially
3 when they're like zeroing it out, man, I would
4 have tried to figure out a way.

5 MR. PATTON: So you never did know
6 how to do that?

7 MR. PEREZ: No, I didn't.

8 MR. PATTON: Good thing we're not
9 from the Minority Report.

10 MR. PEREZ: Yeah.

11 MR. PATTON: Me being Tom Cruise --
12 all right.

13 MR. PEREZ: Yeah, so.

14 MR. PATTON: Anything else?

15 MR. PEREZ: Good luck. You know,
16 that --

17 MR. PATTON: We're still on the
18 record.

19 MR. PEREZ: Okay.

20 MR. PATTON: Is there anything else
21 you want to tell me that's related --

22 MR. PEREZ: No.

23 MR. PATTON: -- to this?

24 MR. PEREZ: No, just a que -- I was
25 going to ask a question.

1 MR. PATTON: Okay. I think we're
2 done with your testimony, then. So we'll go
3 off the record at 12:07.

4 (Off the record at 12:07 p.m.)

5 MR. PATTON: Okay, we're back on the
6 record with Tony Perez at 12:10, to -- just a
7 couple of follow-up questions. We were
8 talking -- I had been remiss in not asking you
9 who at the Parks Department you had any
10 conversation with about this?

11 MR. PEREZ: And so I -- you know, I
12 think we -- I've talked to Dick Troy, sort of
13 a passing conversation. The other one was
14 Rusty Areias, who was the ex-Deputy
15 Director -- excuse me, ex-Director --

16 MR. PATTON: Right.

17 MR. PEREZ: -- of State Parks.

18 MR. PATTON: Right.

19 MR. PEREZ: And --

20 MR. PATTON: Dick Troy was the Parks
21 Operations Manager long ago, back in 2000?

22 MR. PEREZ: He was. He was. He was
23 my mentor, yeah.

24 MR. PATTON: Um-hum.

25 MR. PEREZ: Absolutely.

1 MR. PATTON: Did -- what did he have
2 to say about this --

3 MR. PEREZ: You know --

4 MR. PATTON: -- funded discrepancies
5 and funded works?

6 MR. PEREZ: -- no, just -- you know,
7 for him, he was -- he was also surprised how
8 there could be that discrepancy, about, you
9 know, where -- how does that money not show
10 up. And --

11 MR. PATTON: What is your
12 understanding in terms of where the
13 discrepancy is?

14 MR. PEREZ: Only from what I read in
15 the paper.

16 MR. PATTON: Yeah, but I mean, can
17 you articulate today what you understand to be
18 the discrepancy?

19 MR. PEREZ: The discrepancy is, is
20 that the Department does sort of a fund
21 balance check, and confirms with the
22 Department of Finance how much dollars are in
23 that bank account, if you were, in the SPRF
24 bank account --

25 MR. PATTON: Right.

1 MR. PEREZ: -- so that they can
2 determine if they're going to be able to meet
3 their allocation number next year, knowing
4 what the Department brings in, and knowing how
5 much it wants to spend or what the Authority's
6 going to spend.

7 MR. PATTON: Okay. So --

8 MR. PEREZ: So it's sort of a check,
9 you know.

10 MR. PATTON: -- so the Department
11 communicates with finances with the state of
12 the fund balances as part of the budget
13 process to figure out how much they can spend
14 the next year?

15 MR. PEREZ: Correct.

16 MR. PATTON: And where is the
17 discrepancy, as far as you understand?

18 MR. PEREZ: Well, now, as far as I
19 understand, from what I've been reading in the
20 paper --

21 MR. PATTON: Okay.

22 MR. PEREZ: -- is that we've been
23 saying that our fund balance is at this
24 number --

25 MR. PATTON: Um-hum.

1 MR. PEREZ: -- which is
2 significantly less than what is actual in
3 that -- in that account, if you will.

4 MR. PATTON: Okay. The actual -- so
5 we're not accurately communicated to finance
6 the actual fund balance.

7 MR. PEREZ: That's what I --

8 MR. PATTON: And the actual fund
9 balance is also in a report -- according to
10 the reports, and as we understand it, it goes
11 to the controller.

12 MR. PEREZ: The controllers had that
13 number the whole time.

14 MR. PATTON: Right.

15 MR. PEREZ: So --

16 MR. PATTON: What did Dick Troy say
17 about that? Did he --

18 MR. PEREZ: No. Da -- nothing about
19 that.

20 MR. PATTON: It was all news to him?

21 MR. PEREZ: Yeah, yeah. Well, he
22 was like, how did we not report that
23 basically. It was sort of news to him. Yeah.

24 MR. PATTON: And you talked to
25 former Director Rusty Areias, as well, you

1 said?

2 MR. PEREZ: Right. And Rusty was --
3 the same thing. It's like, wait a minute.
4 How do you -- how do you hide this?

5 MR. PATTON: Yeah.

6 MR. PEREZ: How do you -- how does
7 this happen?

8 MR. PATTON: Okay.

9 MR. PEREZ: Because he was pretty
10 surprised. And his name got -- the reason he
11 was asking me -- history, you don't need to
12 know -- but anyway, we've been having
13 conversations, and he was basically, how does
14 that happen? Tell me? I mean, what did you
15 know about it? And again, you know, I was
16 like, I was clueless, you know, about any of
17 that. And he couldn't -- and Rusty had a very
18 superficial understanding about budgets --

19 MR. PATTON: Okay.

20 MR. PEREZ: -- much like a
21 legislator would --

22 MR. PATTON: Okay.

23 MR. PEREZ: -- you know. I mean, he
24 did not get into the details.

25 MR. PATTON: Did you talk with

1 anybody else about this? Current or former
2 Parks people? Or anybody else?

3 MR. PEREZ: No. Did not talk to --
4 talked -- no, no. Wassman (ph.) -- Scott
5 Wassman, who was my Division Chief for
6 Northern California. But again, both of them
7 was for like, you know, did you know? I mean,
8 you know, had you heard anything?

9 MR. PATTON: Yeah.

10 MR. PEREZ: You know, did you -- did
11 you register -- did you register the fact that
12 they were telling us we have a lot of SPRF and
13 that the reason we have a lot of SPRF is
14 because we've been misrepresenting our number?
15 I mean, for us, both of us were going no, not
16 a clue. And so we had --

17 MR. PATTON: You and Wassman both --
18 he had the same understanding --

19 MR. PEREZ: Yeah.

20 MR. PATTON: -- that if we had extra
21 dollars, it's because our revenues exceed our
22 expectations?

23 MR. PEREZ: Right. Right.

24 MR. PATTON: Okay.

25 MR. PEREZ: Right. Right.

1 MR. PATTON: So you've not talked
2 with anybody who said, oh, yeah, I actually
3 did -- I actually was aware that there had
4 been some misrepresented amount?

5 MR. PEREZ: No, no. See, I -- you
6 know, that would have come from Manuel and
7 from Dave, you know, basically --

8 MR. PATTON: Dave Saxby?

9 MR. PEREZ: -- and I've cut all
10 discussions with those guys once this thing
11 started. Manuel and I had our outs after that
12 day, I mean, as far as --

13 MR. PATTON: Oh, the vacation
14 buyout?

15 MR. PEREZ: -- yea, as far as I was
16 concerned, he needed to be fired and fired
17 that next day. And I was pissed off that it
18 took so long to happen.

19 MR. PATTON: Okay.

20 MR. PEREZ: What I was really upset
21 is that she allowed him to resign. She should
22 have fired his ass.

23 MR. PATTON: Okay. Okay.

24 We're going to go off the record
25 again at 12:15.

1 (Off the record at 12:15 p.m.)

2 MR. PATTON: We're going back on the
3 record at 12:18, because I asked Mr. Perez if
4 Ruth and Mike Harris were close friends, and
5 then you started telling me some -- giving me
6 some really very interesting history. So
7 let's go back to that question. Were they
8 good friends?

9 MR. PEREZ: They were good friends
10 at one time. And they were able to keep a
11 working relationship right up to the end. But
12 I do know that Michael was extremely loyal to
13 Ruth -- extremely loyal to Ruth.

14 But probably about November of 2011,
15 Michael was told that if I'm confirmed --

16 MR. PATTON: Told by Ruth?

17 MR. PEREZ: Ruth. If --

18 MR. PATTON: And how did you learn
19 this?

20 MR. PEREZ: Bill Herms told me, and
21 Michael Harris told me.

22 MR. PATTON: Okay. Told you what?

23 MR. PEREZ: That Ruth was going to
24 make a change at the Chief Deputy Director
25 level. In fact, she asked Agency if she could

1 make that move. Or she might have even asked
2 the Governor's Office if she could make that
3 move.

4 Now, she was told by Agency she
5 couldn't until she was appointed. She --

6 MR. PATTON: And the plan, as you
7 understood it, from talking with --

8 MR. PEREZ: Ruth was to put Bill
9 Herms into the Chief Deputy position, and then
10 move Michael into another role yet to be
11 determined. Because he couldn't -- he wasn't
12 going to switch places with Bill Herms, who
13 was the Legislative Deputy Director. And
14 that's -- Ruth was not going to put Michael
15 Harris into that position. So they were not
16 going to do a switch.

17 MR. PATTON: Okay.

18 MR. PEREZ: And the reason I'm -- I
19 bring that out is that she had failed to ask
20 permission first, and she'd already told these
21 guys that's what was happening. And then when
22 she got told no, they both had to go back to
23 their old seats and do their old jobs.

24 And Michael's doing his old job
25 knowing that Ruth doesn't want him in it. And

1 so that caused a little bit of tension between
2 them. And I would assume -- I know Michael
3 was frustrated by it.

4 MR. PATTON: And then you were
5 telling me that in your estimation, Michael
6 was just the perfect person to have in that
7 Chief Deputy slot.

8 MR. PEREZ: Michael was extremely
9 loyal to Ruth. Loyal beyond -- and I think
10 that's one of the tug and pulls that we had
11 had. We always view it as loyal to the
12 Department, not loyal to the Director.
13 Meaning, they're ahead, that's where we
14 want -- we want to follow their direction.
15 And so I always considered that as sort of,
16 you know, that -- you know, you have a
17 potential to lose your way, Michael.

18 But Michael was the perfect person
19 to testify and be the liaison for the
20 Department with the Department of Finance and
21 the legislature. And that wasn't just my
22 opinion. That was the opinion of Bill Herms.
23 That was the opinion of other people.

24 MR. PATTON: And he was the best
25 person for that, why?

1 MR. PEREZ: Because he could break
2 down complicated issues and explain them in a
3 snapshot where legislators could understand it
4 in a hearing.

5 MR. PATTON: You were telling me, he
6 knew this budget inside out, down to minutiae.

7 MR. PEREZ: To the minutiae.
8 Absolutely. It's because he 1) came from that
9 world, from the legislature; 2) had that same
10 administrative function in charge of budgets
11 at Fish & Game; did Manuel's job here in the
12 Department, so understood our --

13 MR. PATTON: As the head of --

14 MR. PEREZ: -- our -- as the head
15 of --

16 MR. PATTON: -- admin services.

17 MR. PEREZ: -- admin services here.

18 MR. PATTON: Yeah.

19 MR. PEREZ: So he had a very -- and
20 he liked it. That was his -- that was his
21 gig. I mean, he was --

22 MR. PATTON: Is it -- is it your
23 opinion that Ruth Coleman also had that
24 attention to that level of detail abil --

25 MR. PATTON: Probably not at that

1 level, but she understood the nuances of
2 putting together a budget, how a budget is
3 created, and how you can -- I don't want to
4 say manipulate -- but how you can work your
5 budget to be able to maximize what you can do
6 with it. And where you can find different
7 monies out of different funds.

8 MR. PATTON: Let me run you -- I'm
9 going to run you through a scenario, because I
10 want to get your opinion. You stated an
11 opinion earlier in the interview that if
12 Michael Harris knew about some undisclosed
13 funds, the misrepresentation to finance, in
14 your opinion, Ruth then absolutely also had to
15 know.

16 MR. PEREZ: If Michael was talking
17 to finance about status of the Department, he
18 would have -- he would have made sure that he
19 was clear to say that with Ruth.

20 MR. PATTON: All right. Well, let
21 me give you a little bit of factual background
22 then and see what your opinion is. We believe
23 that around the latter part of 2002, the early
24 part of 2003, that a discrepancy between the
25 reports going to finance and the report going

1 to the controller regarding the status of the
2 balance in the SPRF fund was -- had been the
3 subject of some analysis. It had been
4 detected a little bit earlier. We're not sure
5 exactly when; maybe 1999, 2000.

6 But some work was done then, by
7 about 2001, the latter part of 2001 and into
8 2002, to figure out where is this -- what is
9 this discrepancy attributable to. And the
10 people in the positions at the time were Becky
11 Brown was the budget officer, Freda Luann Dunn
12 (ph.) was the accounting officer. In '02
13 Denzil Verardo was the head of admin services
14 and Chief Deputy Director -- you're nodding
15 your head yes, which --

16 MR. PEREZ: Um-hum.

17 MR. PATTON: -- and then in '03, is
18 when Michael Harris came in and took over the
19 spot Denzil had held as -- no, well ac -- he
20 came in and took over the Administrative
21 Services Director spot.

22 MR. PEREZ: Right.

23 MR. PATTON: If -- and Ruth had been
24 appointed Director in '02, and took over for
25 Rusty Harris -- Areias, I'm sorry -- Rusty

1 Areias.

2 MR. PEREZ: Was it '02?

3 MR. PATTON: Yeah.

4 MR. PEREZ: Okay.

5 MR. PATTON: Now, if the news of
6 this disparity were first communicated in '03
7 to Michael Harris, is it -- and it still
8 wasn't completely understood why there was
9 even an error in these calculations and how we
10 got there, do you think that he necessarily
11 would have immediately reported to Ruth that
12 there's a problem in our numbers? Or might he
13 have been wanting to wait a little while until
14 he had -- till it could be examined further?
15 Is it possible? I mean, obviously we're just
16 conjecturing.

17 MR. PEREZ: Yeah. No, Michael liked
18 to be sure of his facts.

19 MR. PATTON: Okay, so he --

20 MR. PEREZ: Okay.

21 MR. PATTON: -- might want -- he
22 might want to understand -- make sure he un --
23 so if the situation was he didn't quite fully
24 understand it, there's a possibility he might
25 not have communicated it?

1 MR. PEREZ: But there were many
2 times that Mike would say, you know, I'm
3 looking into this; I'm not real quite sure.

4 MR. PATTON: Um-hum.

5 MR. PEREZ: I'm running the numbers
6 now, but it appears. I've heard him say that
7 numerous times in many oth -- in many
8 situations.

9 MR. PATTON: Okay, let's -- now,
10 let's say --

11 MR. PEREZ: But he was always very
12 clear to put a caveat.

13 MR. PATTON: Now, let's say that,
14 you know, sometime around within a year or so
15 in '03 or '04 a decision -- Michael Harris is
16 aware that there's this discrepancy but
17 basically makes the decision we are not going
18 to go and correct it right now. Maybe we'll
19 co -- maybe we'll correct it later,
20 incrementally; we'll just kind of make some
21 adjustments to the numbers we report and --
22 would he necessarily -- do you think -- are
23 you confident that he would inform Ruth?

24 MR. PEREZ: Absolutely.

25 MR. PATTON: Yeah?

1 MR. PEREZ: Oh, yeah. Yeah.

2 MR. PATTON: He wouldn't -- he would
3 not leave a discrepancy of several million
4 dollars, that he had devised maybe a plan to
5 deal with, he wouldn't leave that unreported
6 to Ruth?

7 MR. PEREZ: No. He'd give Ruth a
8 plan. He would give -- here's my plan.
9 Here's what we're --

10 MR. PATTON: Well --

11 MR. PEREZ: -- doing.

12 MR. PATTON: -- let me ask -- let me
13 ask it to you this way. You talk in terms of
14 Mike having extreme loyalty to Ruth
15 individually. And he uncovers what -- he
16 becomes aware of something that basically has
17 been -- it is a misrepresentation is the
18 problem. It's an uncomfortable situation. It
19 wasn't of his making, or the making -- you
20 know, it's not because he made an error, but
21 it came to his attention and it doesn't look
22 good.

23 Maybe he makes a decision it's
24 better to just not report this to finance,
25 because we're going to make a spectacle of

1 ourselves. Maybe I'll figure out a way to fix
2 it that's less public.

3 You're confident that he would bring
4 Ruth into that plan and that information?
5 Because I'm sort of curious, because you
6 describe him as having extreme loyalty to her,
7 and in a way I'm just sort of wondering if
8 it's possible that that loyalty could cause
9 him not to want her to have --

10 MR. PEREZ: Right.

11 MR. PATTON: -- to deal with the
12 information.

13 MR. PEREZ: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

16 MR. PATTON: And I don't want -- I
17 don't want to go on the record talking
18 about -- I know that --

19 MR. PEREZ: Excuse me. [REDACTED]
[REDACTED]

21 MR. PATTON: Right. For a period of
22 time --

23 MR. PEREZ: -- for a period of time.

24 MR. PATTON: And I think it was
25 in -- I can't remember -- like '05 or

1 something.

2 MR. PEREZ: Right.

3 MR. PATTON: Does that sound about
4 right?

5 MR. PEREZ: Yes. Yes. And so what
6 I'm thinking is that he might have had a plan

7 [REDACTED]

8 [REDACTED] Now, it's Manuel's
9 issue. Even at that point, Michael still
10 had -- when he came back, he still had enough
11 input and enough knowledge to work with Manuel
12 and also come up with a plan and how they were
13 going to deal with it. And all of that
14 discussion would have happened with Ruth.

15 MR. PATTON: So you don't see it as
16 feasible that Michael might have left Ruth out
17 of the --

18 MR. PEREZ: No.

19 MR. PATTON: -- communication loop
20 in order to protect her from some unpleasant
21 information?

22 MR. PEREZ: No. No. I do not.

23 MR. PATTON: All right.

24 MR. PEREZ: You know, and -- you
25 know, and I've thought long and hard about how

1 we got to this point. I asked Ruth to resign
2 in February, because we were having, I
3 believe, problems in believing in the
4 direction that she wanted to -- for us to go.

5 And I only bring this up is because
6 if we would have seen a director come in and
7 out as a normal sort of process, four years,
8 six years max, we would have had a director
9 who would have come in and would have been
10 updated on this issue, and they would have
11 said we're declaring -- because I'm not
12 carrying this baggage.

13 I think at a certain point, both
14 Ruth and Michael ended up owning this, and it
15 got so far along that they were going to run
16 into the problems like wait a minute, we're
17 the ones that didn't report back then when we
18 knew; now it's six years later, seven years
19 later, and now we want to come clean. How do
20 we do that? How do we not own that.

21 And I think that -- I think that
22 became a problem.

23 MR. PATTON: Had you --

24 MR. PEREZ: And that's pure
25 conjecture --

1 MR. PATTON: -- so you --

2 MR. PEREZ: -- on my part.

3 MR. PATTON: -- you say you asked
4 her, you suggested to her that she resign in
5 February of this year over what? Just because
6 she'd been around long enough?

7 MR. PEREZ: Just because I believed
8 from my discussions with the upper level
9 managers that there was no confidence in her
10 ability to be able to see us through this
11 juncture -- this time --

12 MR. PATTON: The difficult budget
13 times?

14 MR. PEREZ: -- the difficult --
15 right. Right. And her inability make
16 difficult decisions of priorities and
17 expectations and where we were going to go and
18 what we were going to do in the future. I
19 didn't agree with her.

20 MR. PATTON: Had there -- had there
21 been a time previously that you had confidence
22 in her ability to lead the Department?

23 MR. PEREZ: Absolutely.

24 MR. PATTON: Okay.

25 MR. PEREZ: Absolutely. I think

1 when things were -- things were going good,
2 Ruth was magnificent. She was iconic. And
3 that's what I -- that's what I told her.
4 Ruth, we're going to name parks after you;
5 we're going to name buildings after you. Time
6 to leave. But you got to go. We've got to
7 make some hard decisions.

8 MR. PATTON: Okay.

9 MR. PEREZ: So --

10 MR. PATTON: All right. I think
11 we're ready to go off the record again.
12 Anything else, Mr. Perez?

13 MR. PEREZ: No.

14 MR. PATTON: Okay. We're going to
15 go off again at 12:32.

16 (Off the record at 12:32 p.m.)

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TRANSCRIBER'S CERTIFICATE
Tony Perez interview on 9-26-12

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)


 This is to certify that I
transcribed the foregoing pages 1 to 59 to the
best of my ability from an audio recording
submitted by Heidi Webb at the California
Department of Justice, in Sacramento,
California.

 I have subscribed this certificate
at New York, New York, this 3rd day of
October, 2012.

Penina Wolicki
eScribers, Inc.

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