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TRANSCRIPTION OF RECORDED INTERVIEW

OF

Aaron Robertson

August 22, 2012

Sacramento, California

Investigation of Department of Parks &
Recreation - Financial Irregularities

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

Transcribed by: David Rutt,
eScribers, Inc.
September 6, 2012
New York, New York

(SA201210710)

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1 MR. PATTON: Aaron Robertson, I'm
2 going to read an admonition just so I have a
3 record. You've got my letter of yesterday
4 informing you of this interview, which has the
5 same admonitions. I want to read this into
6 the record.

7 So we're here today, Wednesday,
8 August 22, 2012, at about 3:50 p.m. Thomas
9 Patton, Deputy Attorney General, speaking, and
10 we are going to interview Aaron Robertson, the
11 current Administrative Services Division
12 Deputy Director for Department of Parks and
13 Recreation. Also with me is Department of
14 Justice Investigator Michael Mattson. I'm
15 employed by the Department of Justice and in
16 charge of this investigation and interview
17 being conducted at State Parks Headquarters,
18 1416 9th Street, Sacramento.

19 And as you are aware from the
20 letter, you have a right to representation
21 here if -- to be present during the interview
22 such as an attorney, a union representative,
23 someone else not connected with the
24 investigation. I see you haven't brought
25 someone, so that's okay, too. You have the

1 right to have a tape-recording of this
2 interview if you want it. At the end of the
3 investigation, you can be furnished a copy of
4 our recording if you desire. You're going to
5 be asked questions relating to the performance
6 of your official duties and the allegations
7 related to this investigation. No promise or
8 reward is being made as an inducement for the
9 answer to any question.

10 And I need to give this legal
11 admonition which is that this is strictly an
12 administrative investigation. While you have
13 the right to remain silent with regard to any
14 criminal investigation, this is an
15 administrative interview, and you do not have
16 the right to refuse to answer my
17 administrative questions. Neither your
18 statement nor any information or evidence
19 gained by reason of such statements can be
20 used against you in any criminal proceeding.
21 It is only usable as part of this
22 administrative investigation and any
23 subsequent related administrative proceeding.
24 I am therefore instructing you to discuss the
25 matter with me, to direct all questions --

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1 you're directed to answer all questions
2 honestly and completely, and refusal to
3 answer, any type of evasion, deception,
4 dishonesty or lack of cooperation could
5 constitute insubordination, neglect of duty or
6 other failure of good behavior and result in
7 disciplinary action up to and including
8 dismissal. You understand that admonishment?

9 MR. ROBERTSON: Yes, I do.

10 MR. PATTON: Okay. I apologize for
11 the formality, but the gist is that we want
12 you to be aware that this is an administrative
13 investigation, not something we could or would
14 ever use in any criminal matter. And we're
15 going to get right to it, as soon as I find
16 my -- can you hand me that thing real quick?

17 So, Aaron, we've spoken before, and
18 as I indicated, I needed to basically redo our
19 discussion so we have a record of this
20 interview.

21 And so tell me -- let's just go back
22 to when you started here and where you came
23 from and who you are.

24 MR. ROBERTSON: Sure. I started
25 here on January 2nd of 2012, so the beginning

1 of this year, and my most recent place prior
2 to coming here was the Department of Toxic
3 Substances Control with the Environmental
4 Protection Agency. And prior to that --

5 MR. PATTON: What's your position
6 here?

7 MR. ROBERTSON: I'm the Deputy
8 Director of Administrative Services.

9 MR. PATTON: And you came here from
10 the Department of Toxic Substances Control,
11 EPA?

12 MR. ROBERTSON: Yes.

13 MR. PATTON: Right? Cal EPA?

14 MR. ROBERTSON: That's correct.

15 MR. PATTON: Okay. And what was
16 your position there?

17 MR. ROBERTSON: I was also the
18 Deputy Director of Administration Services
19 there.

20 MR. PATTON: Okay. And how did you
21 gain the skill to be able to run an admin
22 services operation?

23 MR. ROBERTSON: Variety of
24 experience, I think, leads me to here. Prior
25 to being at Department of Toxics, I ran the

1 administrative function for the Rockland --
2 City of Rockland Police Department. I was
3 the -- managed personnel and budget,
4 activities, administrative activities for the
5 Rockland Police Department, perform -- in
6 addition to performance management-related
7 work.

8 Prior to that, I was -- managed
9 strategic planning and analysis for Vision
10 Service Plan, a benefits company. Worked for
11 the federal government for a number of years
12 as an analyst working, doing budget work.
13 I've been a marine for twenty-six years, both
14 active and reserve. I'm a lieutenant colonel
15 in the Marine Corps reserve right now.

16 MR. PATTON: Great. What were your
17 dates of active duty?

18 MR. ROBERTSON: Various periods.
19 Started in '86. '86 to '91 was my initial
20 sort of active duty; that was my initial
21 active duty tour. I spent periods of active
22 duty after September -- or in the middle '90s
23 and then also after September 11, 2001, I
24 spent a couple of tours over in Iraq.

25 MR. PATTON: Appreciate your

1 service. Lieutenant colonel, you said?

2 MR. ROBERTSON: Yes.

3 MR. PATTON: Appreciate it. All
4 right. Let's talk about -- let's just go
5 right into what you learned about -- let's
6 talk about the Parks -- the State Parks and
7 Rec Fund and the disparity in reporting
8 between what's been in the reports, the fund
9 condition statement reports to the Department
10 of Finance and the fund balance reports that
11 go to the State Controller's Office. Tell me
12 what you learned and when and from who.

13 MR. ROBERTSON: Okay. So I
14 originally -- so after I started in January,
15 most of my time was spent dealing with a
16 number of administrative issues. There was a
17 great deal of distrust within the department
18 between Park Operations and Admin and others
19 in Admin stemming from not only the leave
20 buyout period but from just existing
21 practices, and people felt somewhat fearful of
22 coming forward with information, and people
23 felt there was distrust from -- with our
24 customers.

25 So I spent a great deal of time

1 trying to restore -- juggle issues related to
2 learning the department, learning the
3 different activities, who's who, how the
4 processes worked. I spent time -- we were
5 right in the middle of budget development
6 process and transferring -- a transfer
7 process, developing a process to move people
8 from parks that were closing to parks that
9 were going to remain open. And I provide that
10 context only to share with you that I was
11 encouraging employees to come forward and tell
12 me -- to be honest, share with me items that
13 were going well, things that we could improve
14 upon, and it took some time to build that
15 trust to get people to begin coming forward.

16 When I first talked to you, I
17 believe that I -- Dorothy Kroll, my budget --
18 or my Accounting Officer, and Elsie Brenneman,
19 my Budget Officer, came to me in mid to late
20 April, and we talked about -- they both came
21 to me separately and mentioned this fund
22 balance discrepancy. Now, subsequent to that
23 time --

24 MR. PATTON: They independently
25 reported the discrepancy in the State Parks

1 and Rec Fund?

2 MR. ROBERTSON: In the State Parks
3 and Rec Fund, SPRF.

4 MR. PATTON: Which is like a twenty
5 million dollar discrepancy?

6 MR. ROBERTSON: That's correct.

7 MR. PATTON: And what happened after
8 that?

9 MR. ROBERTSON: After that point, I
10 went and talked to our Chief Deputy, Michael
11 Harris, at the time, and we talked about it.
12 And when I brought it to him, he was clearly
13 aware of the problem. He knew that it had
14 existed for some time. And we talked about
15 the magnitude of the problem but it being a
16 large problem that we -- we talked about a
17 strategy of how we might deal with that in
18 future budgets to begin to deal with it.

19 But it was -- he described it being
20 a large problem, and if we bring it out while
21 there's -- if we -- we could discuss it
22 outside the department while -- it becomes a
23 huge problem and how do we cope with the
24 problem. And we had a couple of discussions
25 about it, and then real soon thereafter, I

1 went to talk to Pat Kemp.

2 MR. PATTON: So why did you do that?
3 You talked with Harris, and he'd talked about
4 we need a strategy for trying to deal with
5 what is a huge problem, but he didn't have a
6 strategy?

7 MR. ROBERTSON: No, we did not have
8 a strategy at that point. There was no
9 strategy in place to begin dealing with the
10 problem.

11 MR. PATTON: So you've learned about
12 it in April. At this point --

13 MR. ROBERTSON: I learned that there
14 was an issue. I also asked Dorothy and Elsie
15 to go back and do some research, understand
16 the magnitude of the problem.

17 MR. PATTON: Okay.

18 MR. ROBERTSON: Because when I first
19 heard about it, didn't understand --

20 MR. PATTON: You said they verbally
21 told you in April independently --

22 MR. ROBERTSON: Right.

23 MR. PATTON: -- that there's a
24 problem and discrepancy in fund reporting
25 between Controller and Finance reports?

1 MR. ROBERTSON: That's right.

2 MR. PATTON: They tell you how big a
3 discrepancy?

4 MR. ROBERTSON: At that point, no,
5 we didn't talk -- it was several millions of
6 dollars.

7 MR. PATTON: They didn't -- so they
8 didn't tell you it was twenty million?

9 MR. ROBERTSON: They didn't say
10 twenty million. Now, I have gone back and
11 looked at my notes or my e-mails, and I
12 realized that I had received an e-mail not
13 long after I started, in the first month, from
14 Dorothy Kroll.

15 MR. PATTON: Yeah.

16 MR. ROBERTSON: And in that e-mail,
17 it describes the problem; it describes the
18 fund balance discrepancy. And this goes back
19 to my conversation -- or describing the
20 context with which I came into the department
21 with the different issues that we were trying
22 to wrestle with at the time. I --

23 MR. PATTON: This is the e-mail
24 you're talking to me about?

25 MR. ROBERTSON: That's correct. And

1 you'll notice right down here it does talk
2 about -- these are a series of questions that
3 she was asking me to begin looking into.

4 MR. PATTON: Right. So let me ask
5 you, so you -- this e-mail came from Dorothy
6 from her home e-mail under the -- under David
7 Kroll's name, and it does mention -- it does
8 ask question 19, why are we not getting the
9 true fund balance, and it does even mention
10 that --

11 MR. ROBERTSON: Twenty million.

12 MR. PATTON: -- we have an
13 approximately twenty million difference that
14 Manuel knew about. So what happened? I mean,
15 did you read this or what happened in January?

16 MR. ROBERTSON: When I got this
17 e-mail, I was triaging things that came in.

18 MR. PATTON: Yeah.

19 MR. ROBERTSON: And I gave this
20 e-mail to my Assistant Deputy at the time,
21 Dave Saxby.

22 MR. PATTON: Okay.

23 MR. ROBERTSON: And I asked him to
24 look at it and begin working it. And I didn't
25 take a close look at it immediately.

1 MR. PATTON: Okay.

2 MR. ROBERTSON: Now --

3 MR. PATTON: So immediately upon
4 receipt and shortly thereafter, around January
5 25 or shortly thereafter, you delegated this
6 over to David to look at --

7 MR. ROBERTSON: That's correct.

8 MR. PATTON: -- and then brief you
9 about.

10 MR. ROBERTSON: That's right.

11 MR. PATTON: Is that right? Okay.
12 And what happened?

13 MR. ROBERTSON: I continued to work
14 all of the various issues that I was working,
15 and I didn't follow up specifically line by
16 line on this and --

17 MR. PATTON: Saxby ever come back to
18 you?

19 MR. ROBERTSON: Saxby did not come
20 back to me regarding this fund balance
21 discrepancy.

22 MR. PATTON: Did he come back to you
23 about anything on her list?

24 MR. ROBERTSON: We talked about some
25 items on it but not specifically about the

1 fund balance discrepancy. Around April, when
2 I found -- when Dorothy and Elsie came to me,
3 Dave Saxby and I did talk about the fund
4 balance discrepancy at that point, and he did
5 also admit to knowing about it. He also said
6 that he and Manuel had had conversations about
7 it, and he and Manuel and Elsie Brenneman had
8 talked to Michael Harris about it.

9 MR. PATTON: Okay.

10 MR. ROBERTSON: And when Elsie --

11 MR. PATTON: So he doesn't volunteer
12 the discussion; it's after Elsie and Dorothy
13 had verbally now apprised you that you then
14 start following up?

15 MR. ROBERTSON: That's right. When
16 I realized there was a problem, we took
17 action. We began following up --

18 MR. PATTON: So you went back to
19 David and said -- tell me about it.

20 MR. ROBERTSON: Why -- tell me about
21 this, help me to understand --

22 MR. PATTON: Let me --

23 MR. ROBERTSON: -- the significance
24 of this problem.

25 MR. PATTON: Okay. Let me ask you,

1 when did you then read this list of questions
2 from Dorothy and study the issues that she was
3 pointing up?

4 MR. ROBERTSON: I went back and --
5 when I realized that I had this full list of
6 questions was fairly recently within the last
7 month or so.

8 MR. PATTON: Okay.

9 MR. ROBERTSON: So I'm beginning to
10 work off a lot of these questions. It was
11 sent -- as I said, sent from her home e-mail.
12 I got it. I didn't realize the magnitude of
13 it. I had shared it with my assistant deputy,
14 asked him to follow up, and I simply --

15 MR. PATTON: Okay. So you --

16 MR. ROBERTSON: I could have --

17 MR. PATTON: Okay. Wait, wait,
18 wait. I want to piece this together.

19 MR. ROBERTSON: Sure.

20 MR. PATTON: Delegated this over to
21 Saxby, hadn't studied it, said here's an
22 e-mail from Dorothy, list -- long list of
23 issues, take a look, we'll start dealing with
24 it, we'll discuss as appropriate. Is that
25 essentially correct?

1 MR. ROBERTSON: That's correct.
2 That's correct.

3 MR. PATTON: No further -- now,
4 sometime between January when you kicked this
5 over to Saxby and April when Elsie and Dorothy
6 are telling you verbally about the SPRF fund
7 discrepancy, you and Saxby have discussed any
8 of these items?

9 MR. ROBERTSON: I'd have to look
10 specifically at each of these things.

11 MR. PATTON: All right.

12 MR. ROBERTSON: We didn't go back to
13 the list and say, hey, let's go look at the
14 list.

15 MR. PATTON: That's what I want to
16 know. Hang on.

17 MR. ROBERTSON: We did not do that.

18 MR. PATTON: So you did not sit down
19 with Dave and go through this list?

20 MR. ROBERTSON: That's correct.

21 MR. PATTON: You're having
22 conversations about various issues, I'm sure,
23 daily because you're undergoing a vacation
24 leave buyout investigation and on, and all
25 kinds of things are cooking.

1 MR. ROBERTSON: Absolutely.

2 MR. PATTON: Right?

3 MR. ROBERTSON: I see things on here
4 that describe --

5 MR. PATTON: Yeah.

6 MR. ROBERTSON: -- a number of
7 things that I could see that we've had
8 discussions on.

9 MR. PATTON: Yeah. Okay. And you
10 say it wasn't until within the last couple of
11 months that you've actually sat down and read
12 this in --

13 MR. ROBERTSON: I would say, yeah,
14 within the last month or two.

15 MR. PATTON: Okay. Now, Elsie and
16 Dorothy independently come to you in April and
17 say, hey, there's this issue concerns us about
18 a big fund discrepancy, some millions of
19 dollars, and you say, get me what? You tell
20 them get me more information?

21 MR. ROBERTSON: Get me more
22 information. I want to know the magnitude of
23 the problem, the significance of the problem,
24 help me to understand the impact of what
25 you're telling me.

1 MR. PATTON: Okay.

2 MR. ROBERTSON: And so --

3 MR. PATTON: Who's the next person
4 you talked with about this issue then? Saxby?

5 MR. ROBERTSON: I believe it was
6 Dave. I forget exactly if it was Dave or I
7 went directly to Michael Harris.

8 MR. PATTON: Okay. So you told me
9 you went to Harris. He was -- indicated he
10 knew, it's a big problem, need some kind of a
11 plan to deal with this but he doesn't have one
12 in mind. It sounds to me like he's fairly
13 stymied as to what to do.

14 MR. ROBERTSON: I believe that's an
15 appropriate way to describe it.

16 MR. PATTON: You -- either before or
17 after going to Harris, you also bring it up to
18 Saxby.

19 MR. ROBERTSON: That's correct.

20 MR. PATTON: And you still haven't
21 sat down with Saxby and gone over Dorothy's
22 e-mail and her list, but now you're having a
23 conversation with Saxby about this Parks Fund
24 discrepancy, and Saxby tells you he knows, and
25 you told me he also said Harris knows?

1 MR. ROBERTSON: He believed that
2 Michael Harris knew.

3 MR. PATTON: He believed?

4 MR. ROBERTSON: He knew.

5 MR. PATTON: He knew.

6 MR. ROBERTSON: He knew because he
7 was in -- he says he was in discussions with
8 Michael about this as well. Dave --

9 MR. PATTON: Who else did Dave
10 indicate he had discussions about -- Dave
11 Saxby indicate he had discussions about this
12 fund discrepancy with?

13 MR. ROBERTSON: Dave knew that
14 Michael knew. He had discussions with Manuel
15 about it and with Elsie Brenneman. I don't
16 know that Dave had conversation with Dorothy
17 about it, but Dorothy -- well, I do because
18 Dorothy said she had conversations --

19 MR. PATTON: Okay.

20 MR. ROBERTSON: -- with Dave about
21 it as well.

22 MR. PATTON: Okay.

23 MR. ROBERTSON: And so taking it
24 further, in my conversations with Dorothy and
25 Elsie -- well, let me go back to when I knew

1 about it and what other actions I took. So
2 after I realized that Michael and I had a few
3 conversations, at some point I realized we
4 weren't moving on it, and I had a
5 conversation --

6 MR. PATTON: We weren't resolving
7 the problem?

8 MR. ROBERTSON: We weren't resolving
9 the problem. So I went and talked to Pat
10 Kemp.

11 MR. PATTON: Did you tell Mike
12 Harris you were going to do that?

13 MR. ROBERTSON: I believe I did.

14 MR. PATTON: Okay. What did he say?
15 What did Harris say?

16 MR. ROBERTSON: He said okay.

17 MR. PATTON: Okay.

18 MR. ROBERTSON: I went and talked to
19 Pat Kemp. Pat Kemp is the Assistant Secretary
20 of Natural Resources.

21 MR. PATTON: Before we get to Pat
22 Kemp, did you tell -- did you ask Mike if he
23 had ever briefed with Coleman, the Director?

24 MR. ROBERTSON: I did not ask him
25 that.

1 MR. PATTON: You didn't ask --

2 MR. ROBERTSON: I assumed --

3 MR. PATTON: Did you ask Mike if
4 Ruth Coleman knew?

5 MR. ROBERTSON: No, I didn't. I
6 assumed that the Chief Deputy was talking to
7 the director. I assumed that Ruth did know.
8 I did go to Pat Kemp and talk to him before I
9 went to Ruth. Pat and I -- though Pat is at
10 Resources, he's my peer there. He's handling
11 administrative issues and financial issues --

12 MR. PATTON: Right.

13 MR. ROBERTSON: -- at Resources
14 Agency. I thought it was a logical --

15 MR. PATTON: Do you know when you
16 went to Pat Kemp?

17 MR. ROBERTSON: I forget the exact
18 point, but I would say it was May or June.

19 MR. PATTON: Elsie and Dorothy give
20 you independent reports in April. Do you
21 remember either date when they reported to you
22 in April?

23 MR. ROBERTSON: No, I don't recall
24 an exact date.

25 MR. PATTON: Then you went and you

1 spoke with Harris. We still in April? Do you
2 remember a date?

3 MR. ROBERTSON: Yeah. I talked
4 to -- right after I talked with -- well, it
5 was either -- it was right after I found out
6 in late April. Once I talked with Dorothy and
7 Elsie, I went and talked to Michael.

8 MR. PATTON: At the time you went to
9 Michael, did you know how many millions of
10 dollars was the discrepancy in the last
11 report?

12 MR. ROBERTSON: I told him -- yeah,
13 I told him I believed it was several millions
14 of dollars, that Elsie and Dorothy were
15 looking into it to confirm.

16 MR. PATTON: So you had not yet
17 heard the number twenty million?

18 MR. ROBERTSON: I believed it was
19 around that magnitude, but I didn't know
20 specifically twenty million.

21 MR. PATTON: Okay.

22 MR. ROBERTSON: I believed it was --
23 it would had to have been -- I forget when
24 the -- which conversation because I've had
25 several conversations about this. But Dorothy

1 and Elsie, they both indicated it was millions
2 of dollars to the tune of roughly the twenty
3 million.

4 MR. PATTON: Okay. So then you go
5 to Pat Kemp -- so you go immediately to
6 Harris. Not getting resolution, you tell him
7 I'm going to talk with Pat Kemp. He says
8 okay.

9 MR. ROBERTSON: And Pat -- and so I
10 talked with Pat, told him the same thing. It
11 was a rather short conversation. Pat said, go
12 back and find the details for me.

13 MR. PATTON: You think we're still
14 in April when you talked to Kemp?

15 MR. ROBERTSON: No, no, I think it
16 was later. I think we're -- it was not April;
17 it was a little bit later with Pat. So we're
18 talking --

19 MR. PATTON: May?

20 MR. ROBERTSON: -- May to June time
21 frame with that.

22 MR. PATTON: Was it -- how long
23 after it was first disclosed to you by Elsie
24 and Dorothy was it before you went to Pat
25 Kemp?

1 MR. ROBERTSON: It was --

2 MR. PATTON: Was it a week, two
3 weeks, five weeks?

4 MR. ROBERTSON: No. It was probably
5 at least a month --

6 MR. PATTON: A month.

7 MR. ROBERTSON: -- because I was
8 working for my Chief Deputy, working to try to
9 figure out what was known. Part of the issue
10 was understanding the norm in the department,
11 how had this been handled, what did we know
12 about, what was the magnitude of this and --

13 MR. PATTON: So you're trying to
14 learn its history and its scope --

15 MR. ROBERTSON: That's right, that's
16 right.

17 MR. PATTON: -- working with Dave
18 Saxby.

19 MR. ROBERTSON: That's right. And
20 there are tons of issues that we deal with.
21 As people begin to come forward with
22 complaints and here are some things we got to
23 improve upon, here are problems we've been
24 doing, part of that is doing your due
25 diligence --

1 MR. PATTON: Sure.

2 MR. ROBERTSON: -- and understanding
3 what truly is a problem that we have to deal
4 with and what are some allegations that may
5 not merit or --

6 MR. PATTON: I got you. Okay. So
7 you do a due diligence investigation because
8 you want to know for yourself what are we
9 talking about, what's the scope, how -- is
10 this for real, is this an accounting blip or
11 do we really have an issue here.

12 MR. ROBERTSON: That's correct.

13 MR. PATTON: It takes you a month or
14 so you've confirmed you got an issue.

15 MR. ROBERTSON: That's right.

16 MR. PATTON: Now, you -- I assume
17 you went soon after Elsie and Dorothy
18 reported -- you quickly went to Mike Harris,
19 you indicated.

20 MR. ROBERTSON: Absolutely. I'm
21 talking within a day or so.

22 MR. PATTON: And so he's already
23 indicated to you -- your first contact after
24 disclosure of the issue is with Harris, and he
25 says yeah, it's a huge problem?

1 MR. ROBERTSON: Yeah, absolutely.

2 MR. PATTON: Okay.

3 MR. ROBERTSON: Well, Mike --
4 Michael didn't think it was as big. He didn't
5 know the twenty million figure. He knew that
6 there was a problem. He knew this had been
7 going on for some time.

8 MR. PATTON: Okay. Then you go to
9 Saxby at some point.

10 MR. ROBERTSON: Yes, right around
11 the same time.

12 MR. PATTON: Right around the same
13 time. What's Saxby's reaction to the
14 disclosure?

15 MR. ROBERTSON: Acknowledges that
16 it's there. He believes that --

17 MR. PATTON: Big problem? Little
18 problem?

19 MR. ROBERTSON: He believes it was
20 in the same realm, millions of dollars.

21 MR. PATTON: Okay.

22 MR. ROBERTSON: And he said that he
23 had kept count -- I'm trying to recall the
24 exact conversation with him, but he knew of
25 conversations that had occurred, whether he

1 was in the conversation or not. He said he
2 was -- well, he had had conversations with
3 Michael Harris. I don't know if all of these
4 people were in the room at the same time, but
5 he had talked with Michael Harris, Manuel had
6 talked with Michael Harris, Elsie had talked
7 with Michael Harris, and certainly Dave and
8 Dorothy had talked about it.

9 MR. PATTON: Okay.

10 MR. ROBERTSON: And so there was
11 knowledge of -- there was an understanding of
12 this being a long-term issue --

13 MR. PATTON: Okay.

14 MR. ROBERTSON: -- in State Parks.
15 Pat -- as I said, Pat and I talked. Pat says,
16 go back and find more.

17 MR. PATTON: How much knowledge did
18 you have by the time you went to see Pat? You
19 say that was a few weeks later. It sounded
20 like towards the end of May or early part of
21 June you go talk with Pat Kemp.

22 MR. ROBERTSON: Um-hum.

23 MR. PATTON: At this point, have you
24 seen any spreadsheets or anything that show
25 you how many years this issue dates back?

1 MR. ROBERTSON: No, I had not seen
2 the spreadsheets before.

3 MR. PATTON: Do you have any
4 knowledge at that point about how far back it
5 might go?

6 MR. ROBERTSON: I knew it went back
7 a number of years, but I didn't know back --
8 how far back. In fact --

9 MR. PATTON: Okay. So you see no
10 workup of numbers yet?

11 MR. ROBERTSON: That's right.

12 MR. PATTON: So that's what you're
13 going to work on next?

14 MR. ROBERTSON: That's right.

15 MR. PATTON: Pat said, go get the
16 details.

17 MR. ROBERTSON: Pat says, go figure
18 it out, and so we start breaking it down.

19 MR. PATTON: Okay.

20 MR. ROBERTSON: And that leads us
21 real quickly into July and --

22 MR. PATTON: Did you get back to Pat
23 Kemp with more details? Is that what you do?

24 MR. ROBERTSON: Well, about the time
25 I'm coming back to him with details, we begin

1 to get Public Records Act requests as well
2 and --

3 MR. PATTON: Relating to --

4 MR. ROBERTSON: Relating --

5 MR. PATTON: -- the fund records?

6 MR. ROBERTSON: Relating to the fund
7 condition.

8 MR. PATTON: Okay.

9 MR. ROBERTSON: And -- but when I
10 came back to Pat and said, here's what I know
11 now, he said, let's go talk immediately -- I
12 believe it was that day or the next day, we
13 had a meeting set up with the Undersecretary
14 for Natural Resources, Janelle Beland.

15 MR. PATTON: Do you remember when
16 that was? We in July now?

17 MR. ROBERTSON: It is in July, and I
18 could find the date, but I believe it was the
19 17th. I'm working off of --

20 MR. PATTON: All right.

21 MR. ROBERTSON: -- memory right now.

22 MR. PATTON: Middle of July?

23 MR. ROBERTSON: Middle of July. And
24 I met with Janelle, it must have been 11,
25 11:30 in the morning, and I explained to her

1 what I knew at that point and by that point
2 had a spreadsheet that went back several
3 years, and it described or it showed the
4 discrepancy between the State Controller's
5 Office, what was in the State Controller's --
6 being reported by the State Controller's
7 Office and what we were reporting in the
8 governor's budget, and it showed the big
9 difference.

10 MR. PATTON: Okay.

11 MR. ROBERTSON: And so I said that
12 was 11 or 11:30 that morning. In that
13 meeting, we called the Secretary, and she had
14 already pre-briefed -- she knew that I was
15 coming up to brief her, and she called
16 Secretary Laird while I was in there and said,
17 it's true what we've heard, what we thought we
18 were going to find is true, because I believe
19 Pat Kemp had already briefed her. And then
20 she immediately got off the phone and called
21 the governor's office, I believe it was Sue
22 Johnsrud. And we set up a meeting that day at
23 2:30 to take action immediately, or to go over
24 that and brief them immediately on what I
25 knew.

1 MR. PATTON: Okay.

2 MR. ROBERTSON: And so I went over
3 to the governor's office. We -- I briefed a
4 whole host of folks on what I knew, and then
5 action began occurring soon thereafter.

6 MR. PATTON: Let me ask you then --
7 let's look at some spreadsheets here. Dorothy
8 Kroll gave me this earlier today, and the SPRF
9 fund numbers are up here, and this bottom line
10 are different --

11 MR. ROBERTSON: That's the
12 difference between --

13 MR. PATTON: This is the difference.
14 And this comports with what I've gotten from
15 Finance on a couple of occasions, these
16 numbers.

17 Now, her report goes back to '02,
18 and the underreport at the end of fiscal year
19 '02 is 26,825. These numbers track: twenty-
20 nine million, twenty-six-six, twenty-three-
21 nine, twenty-one-five, 20.2, 19.9, 18.9, 20.3,
22 20.3. From '02 to the end of the last fiscal
23 year 2011, I don't know what the numbers -- I
24 haven't seen the number for fiscal year ending
25 2012.

1 And I have a sheet that Finance gave
2 me or maybe -- and maybe I got this from you
3 earlier on. It goes back a few years further,
4 which I'm showing you -- which the first year
5 I have is for year ending 6/30/98 with a
6 nine-and-a-half million dollar underreport.
7 The next year ending 6/30/99, it's 14.1
8 million. 6/30/00, it's 19.9. And then we
9 have an outlier here for the year ending
10 6/30/01, jumps to 49.8 before it drops back
11 down to what we have here, 26.8.

12 So I'm not going to try to figure
13 out this forty-nine million dollar number, but
14 what I see at the beginning here -- have you
15 seen these numbers before?

16 MR. ROBERTSON: I have, yes.

17 MR. PATTON: -- is telling me that
18 we have the beginnings -- and I don't know
19 exactly when it started. Do you?

20 MR. ROBERTSON: I don't know.
21 That's as far back as our records go that I've
22 seen, the '98.

23 MR. PATTON: It is. Okay.

24 MR. ROBERTSON: And I don't want to
25 jump ahead after your questions, but as I

1 understand it, when Dorothy was hired in --

2 MR. PATTON: 2000.

3 MR. ROBERTSON: -- 2000, November of
4 2000, the accounting chief at the time and the
5 Budget Officer recognized that there was a
6 problem, and they asked Dorothy to do some
7 analysis, one, to find out why there was a
8 problem and, two, what the magnitude of the
9 problem was.

10 MR. PATTON: Right, yep.

11 MR. ROBERTSON: And she identified
12 the problem to be -- I forget the magnitude at
13 the time -- I think twenty-six million --

14 MR. PATTON: Yep.

15 MR. PATTON: -- and determined that
16 it was, in fact, at that point an error in the
17 fund condition statement where you look at the
18 balance brought forward and the prior year
19 adjustments, and there was a calculation error
20 in the prior year adjustments.

21 MR. PATTON: Wait a minute.

22 MR. ROBERTSON: Okay.

23 MR. PATTON: Don't go too far down
24 ahead of me.

25 MR. ROBERTSON: Okay.

1 MR. PATTON: I've talked with
2 Dorothy. There is an inconsistency in the
3 prior year adjustments that are reported with
4 the fund balance statement that goes to the
5 Controller and the prior year adjustment
6 number that's being inserted in the budget
7 reports.

8 MR. ROBERTSON: Yes, that's correct.

9 MR. PATTON: Okay? Now, you called
10 that an error. I'm just going to -- I'm not
11 going to characterize it as an accident or an
12 intentional collision right at the moment.
13 I'm just going to call it a difference, all
14 right?

15 MR. ROBERTSON: I would agree with
16 that.

17 MR. PATTON: Now, she's explained
18 the difference, there's a difference. Another
19 thing she's explained to us is that the
20 adjustments -- all these reports that go to
21 the Controller are continuously reconciled and
22 that the numbers in the accounting reports are
23 correct, and she traces back to -- she is able
24 to determine that where the two different
25 reports seem to diverge is in the numbers

1 being reported in the accounting report that
2 goes over to Controller in the prior year
3 adjustment figures and that the prior year
4 adjustment number being inserted in the budget
5 report is not the same, okay? There's a
6 difference, and that appears to be the genesis
7 of the difference in the reports.

8 MR. ROBERTSON: I believe that to be
9 true, yes.

10 MR. PATTON: Now, what I want to
11 know is this. I see a nine-and-a-half million
12 dollar difference, which I'm attributing then,
13 based on Dorothy's and your explanation,
14 mostly Dorothy's because she's been the one
15 working on this.

16 MR. ROBERTSON: She's the expert,
17 and she's more knowledgeable than me.

18 MR. PATTON: That's right. I credit
19 this nine-and-a-half million dollar spread in
20 year ending '98, then as fourteen in '99 and
21 twenty in 2002 prior year adjustment
22 misreporting --

23 MR. ROBERTSON: Right.

24 MR. PATTON: -- in the budget
25 report. And I'm curious when I see a number

1 that has a growth pattern. And as I explained
2 to Dorothy, when I see an error, a misreport,
3 I can handle the concept of an error being
4 done one year, but when I see continuous
5 increases in a misreport, then I become
6 curious because it's one thing to make the
7 error one year; it's another thing to be
8 compounding your error, not only to be
9 repeating the nine-and-a-half million error,
10 which I see the first year, but to be adding
11 to it. That I find troubling. Do you?

12 MR. ROBERTSON: Very troubling. And
13 I think that's what the -- both the
14 investigation and the audit has got to help us
15 to --

16 MR. PATTON: Well, that's what I'm
17 here for.

18 MR. ROBERTSON: -- uncover.

19 MR. PATTON: I'm here to help. I'm
20 from the government and I'm here to help.

21 Now, we know that -- from what
22 everyone's told us that the twenty million --
23 because this disparity sort of stabilizes at
24 twenty-three to twenty million over the last
25 six, seven years, after having hovered higher,

1 closer to thirty for a few years, after having
2 grown from nine-and-a-half million to twenty
3 in the first three years. We've been told
4 consistently that everybody knew we were
5 failing to report approximately twenty million
6 dollars. For the last six, seven years,
7 that's clearly true. Before that, we were
8 failing to report an even higher amount until
9 it dropped back down. And before that, we
10 were growing an incorrect statement. This is
11 what we planted, this is what we're reaping.

12 Okay. Now, what I've been trying to
13 figure out is where, in the budget side of the
14 operation, who inputs things like prior year
15 adjustments into the budget fund balance
16 statement.

17 MR. ROBERTSON: It's the Budget
18 Officer and the Budget Officer -- the budget
19 staff. So whomever -- and I can't speak to
20 how it worked a decade ago.

21 MR. PATTON: Yeah. Let me just ask
22 you this. And I will identify by talking to
23 those people --

24 MR. ROBERTSON: Sure.

25 MR. PATTON: -- who are from that

1 area, who the budget staff was. When you look
2 at this growth, and we've determined so far
3 from talking with Dorothy that the misreport
4 appears to be attributable to prior year
5 adjustments, do you have any kind of a sense
6 of whether this is an accident or something
7 that was -- amounts to cooking the books?

8 MR. ROBERTSON: I don't know. I --
9 my look at it and where I used the term
10 "error" was initially. It -- I believe, as I
11 understand it, as what's been described to me,
12 it was an error in that prior year adjustment,
13 but I believe since that time, it's been a
14 conscious misrepresentation of the number.

15 MR. PATTON: A conscious
16 perpetuation of an error. I'm trying to go
17 back though --

18 MR. ROBERTSON: Right.

19 MR. PATTON: -- to the beginning and
20 try to figure out what this thing was spawned
21 as an error or an intentional act.

22 MR. ROBERTSON: And I don't know,
23 Tom.

24 MR. PATTON: You don't know.

25 MR. ROBERTSON: I don't know. I've

1 heard -- I haven't had the opportunity to dig
2 that deep into ten years ago into what
3 happened.

4 MR. PATTON: All right. Well,
5 that's what I'm going to do. All right. So
6 that's part of what I'm going to do. All
7 right. So you don't really know. We know
8 that it's in the prior year adjustment. We
9 really haven't figured out yet who we
10 attribute that to exactly and whether that was
11 conscious or unconscious.

12 MR. ROBERTSON: That's correct.

13 MR. PATTON: Okay. In the Off
14 Highway Vehicle Fund, what we're told by
15 Dorothy is that -- she's pointed out a number
16 of things that have gone on that are clearly
17 budget reporting errors.

18 MR. ROBERTSON: That's right.

19 MR. PATTON: And she's got me
20 trained not to say accounting errors because
21 they're not making errors in Accounting but in
22 the budget reports. Apparently, there had
23 been some -- like the thirty million dollar
24 budget office actual got reported as a
25 negative instead of a positive, or something

1 to that effect. Have you been studying this?

2 MR. ROBERTSON: I have.

3 MR. PATTON: What do you conclude
4 with regard to these intriguing numbers in Off
5 Highway Vehicle?

6 MR. ROBERTSON: I don't know yet. I
7 don't have the -- I haven't reached a
8 conclusion on it. I do believe that, and I'm
9 looking at some notes here, that the OHV local
10 assistance appropriation, it was reduced from
11 twenty-one to -- million to ten million
12 dollars; that's between '11 and -- 2011 and
13 '12 -- 2011-'12 and 2012-'13. Let's see. And
14 then the budget action transfer -- transfer
15 fund from the motor vehicle account before the
16 transfer to OHV, and that transfer occurred --
17 of seven million dollars occurred from the
18 motor vehicle account to SPRF.

19 MR. PATTON: All right. But before
20 we go into that level of detail, basically the
21 chart I've been working off of for some time,
22 charts I've gotten from Finance for OHV, I was
23 looking at -- and you can probably read along
24 with me upside down. I was looking at
25 positive numbers at the bottom are represented

1 to be the difference between what was reported
2 to Secretary of State versus what was reported
3 to the governor.

4 MR. ROBERTSON: Or the Controller's
5 office and the governor, correct.

6 MR. PATTON: And this positive
7 number represents an underreport. This is the
8 excess -- this is the additional amount that's
9 reported to the Controller and not reported to
10 Finance --

11 MR. ROBERTSON: Okay.

12 MR. PATTON: -- in a positive
13 number, I believe.

14 MR. ROBERTSON: I believe so.

15 MR. PATTON: No, I -- you know what?
16 Actually, I have that backwards.

17 MR. ROBERTSON: You've got -- this
18 is -- so let's see. Which one's on top here?
19 Should be -- typically, the higher amount on
20 these reports is the -- to the Controller's
21 office --

22 MR. PATTON: Okay. Let me look at
23 it. Controller's; that's right.
24 Controller's, Finance. Controller's, Finance.
25 Okay. Here. Okay. This positive number is

1 what's been underreported to Finance.

2 MR. ROBERTSON: That's correct.

3 MR. PATTON: For '01, thirty-nine
4 million. This is Finance's document given to
5 me on July 26th. It then flipped, and in '02
6 Finance is telling me it's a negative
7 thirty-four; in other words, twenty-four
8 million -- I'm sorry -- thirty-four-and-a-half
9 million more was reported to Finance than to
10 the Controller. We have a -- we have here a
11 seven-five-million-dollar swing.

12 MR. ROBERTSON: There are some wild
13 swings throughout these years, and this is
14 where I think the auditors have to help us.

15 MR. PATTON: I agree. Now, what
16 Dorothy just gave me -- so I look -- I was
17 working off this chart from Finance for a
18 while looking at a thirty-nine million
19 underreport to a thirty-four-and-a-half
20 million overreport that's my seven-five-
21 million-dollar swing to being essentially flat
22 the next year, '03, to a 1.6 and a one-
23 million-dollar underreport for '04 and '5, and
24 then all of a sudden, we're back to two years
25 of overreports, back to flat, a year of

1 underreport, a twenty-million overreport, and
2 then most recently a thirty-three-and-a-half
3 million dollar underreport. Now, the
4 numbers -- and this thirty-three-and-a-half, I
5 think, is what's been reported in the media
6 being added to the twenty million SPRF fund to
7 get you to fifty-four.

8 MR. ROBERTSON: That's right.

9 MR. PATTON: But what Dorothy gives
10 me today, now the numbers have all changed.
11 And instead of in '04 there being a 1.6
12 million dollar underreport, Dorothy's showing
13 me a 28.7 million overreport.

14 MR. ROBERTSON: What I -- Tom --

15 MR. PATTON: You don't --

16 MR. ROBERTSON: I would not -- what
17 I would go off of right now --

18 MR. PATTON: Yeah.

19 MR. ROBERTSON: -- are those numbers
20 that the Department of Finance --

21 MR. PATTON: Okay.

22 MR. ROBERTSON: -- are providing
23 you.

24 MR. PATTON: Okay.

25 MR. ROBERTSON: What you're showing

1 me here that Dorothy gave you --

2 MR. PATTON: Yeah.

3 MR. ROBERTSON: -- could be -- may
4 be correct. I haven't had a chance to look at
5 this, and I can't speak to that.

6 MR. PATTON: Okay.

7 MR. ROBERTSON: I would -- these are
8 the numbers on the Department of Finance sheet
9 that you're showing me that have been more --
10 that have been consistently reported --

11 MR. PATTON: Okay. All right.

12 MR. ROBERTSON: -- though they're
13 certainly not consistent in terms of a trend.

14 MR. PATTON: All right. Let's do
15 this, because we're not going to get anywhere
16 with me obsessing over numbers that have now
17 dramatically changed. I am going to just
18 stick with -- well, I'm looking at everything,
19 and actually we have additional people
20 communicating with Finance, and obviously
21 everybody's looking at these numbers. You're
22 still doing --

23 MR. ROBERTSON: Absolutely.

24 MR. PATTON: -- work at this. I
25 guess the bottom line is that Dorothy tells me

1 she doesn't see any indication of a conscious
2 failure to disclose funds in OHV.

3 MR. ROBERTSON: I agree with that.
4 I think what we have -- I think these are
5 truly recording errors or some type of errors
6 in the -- on the fiscal side of the house.
7 I'm not going to point -- put it in Accounting
8 or Budgeting right now, but we've got some --
9 I think, truly some explainable errors here.
10 I do not believe that this was a conscious
11 misrepresentation on the OHV side as I do
12 believe it is on the SPRF side.

13 MR. PATTON: Okay. So you talked
14 with Harris. You then talked with Kemp.
15 You've walked us through the chronology of the
16 information then getting into the hands of
17 Undersecretary Beland and then the Secretary
18 Laird and then the governor's office. Do
19 you -- in the -- so in the course of going
20 through this discovery and disclosure, did you
21 then ever have -- did you ever have a meeting
22 with -- that involved Ruth?

23 MR. ROBERTSON: I did talk to Ruth,
24 and she -- I described the problem to her.
25 She didn't appear to understand the magnitude

1 of it. She didn't --

2 MR. PATTON: Was this after you'd
3 done your due diligence research in May, was
4 it, after Dorothy and Elsie had come to you
5 with the verbal reports?

6 MR. ROBERTSON: It was.

7 MR. PATTON: Okay.

8 MR. ROBERTSON: It was. And we were
9 still learning as we're still learning about
10 everything right now in terms of the magnitude
11 and why and everything.

12 MR. PATTON: Did you go and talk
13 with Ruth before or after you went to Pat
14 Kemp?

15 MR. ROBERTSON: After. I talked to
16 Pat Kemp first.

17 MR. PATTON: And then how shortly
18 thereafter did you go talk with Ruth?

19 MR. ROBERTSON: Within a couple of
20 weeks probably.

21 MR. PATTON: Because Pat said, go
22 figure it out, go get -- work up the details.

23 MR. ROBERTSON: That's right.

24 MR. PATTON: So you did?

25 MR. ROBERTSON: I did. And as I

1 said, I went back to Pat, and we were --

2 MR. PATTON: With the details?

3 MR. ROBERTSON: With the -- well,
4 the details as I understood them at the time.

5 MR. PATTON: Okay.

6 MR. ROBERTSON: And then I went to
7 Ruth and shared with her. She didn't indicate
8 that she had known about it.

9 MR. PATTON: Yeah.

10 MR. ROBERTSON: I didn't ask her,
11 did you know about this before. That wasn't
12 part of our discussion. I wasn't -- I wanted
13 to -- I was doing what I felt my obligation
14 was, to let her know that we had a problem,
15 and we were continuing to look into it, and I
16 didn't ask her, had you spoke to the Chief
17 Deputy, Michael Harris, about this in the
18 past. It was a fairly brief discussion. I
19 let her know what the problem was, and then,
20 again, it was assumed thereafter that
21 everything came to light, and we were --

22 MR. PATTON: Dealing with the PRA
23 requests.

24 MR. ROBERTSON: -- dealing with all
25 the Public Records Act requests, right.

1 MR. PATTON: Okay. So you don't --
2 you're not having this conversation with Ruth
3 then until towards the end of June, beginning
4 of July?

5 MR. ROBERTSON: That's right.

6 MR. PATTON: Okay. Has anyone
7 indicated to you that they've -- that they're
8 aware that Ruth did know about this difference
9 sometime back prior to your disclosure of it
10 to her?

11 MR. ROBERTSON: I'm pausing just to
12 think through. Tony Perez -- I talked to Tony
13 Perez afterwards.

14 MR. PATTON: After what?

15 MR. ROBERTSON: After this had hit
16 and --

17 MR. PATTON: Gone public with the
18 PRA requests?

19 MR. ROBERTSON: Gone public with the
20 Public Records Act requests.

21 MR. PATTON: Okay.

22 MR. ROBERTSON: And I talked to him
23 and said -- I asked him, did you know about
24 this.

25 MR. PATTON: What did he say?

1 MR. ROBERTSON: And he said he did
2 not know but -- well -- I'm pausing to think
3 here. He had heard that there were -- was
4 money out there. He had heard -- he had said
5 he had heard that there was -- he didn't
6 describe it as a -- as clearly, succinctly as
7 a fund balance discrepancy. He just -- he
8 heard there was a pot of money out there. And
9 he believed that there was discussions about
10 this in the past prior to me coming to the
11 department.

12 MR. PATTON: Discussions amongst
13 whom?

14 MR. ROBERTSON: Amongst Manuel
15 Lopez, amongst Bill Herms, and Michael Harris.

16 MR. PATTON: Bill Herms is who?
17 He's another deputy director?

18 MR. ROBERTSON: Bill Herms was the
19 Deputy Director of Legislation.

20 MR. PATTON: Okay.

21 MR. ROBERTSON: And --

22 MR. PATTON: Perez indicate how long
23 ago such discussions -- over what time period
24 such discussions might have been had?

25 MR. ROBERTSON: No. He said, it had

1 been before I got here.

2 MR. PATTON: All right.

3 MR. ROBERTSON: So I don't know --

4 MR. PATTON: There was a pot of
5 money which -- did you understand that to
6 be -- he was talking about an undisclosed pot
7 of money?

8 MR. ROBERTSON: Undisclosed.

9 Now, I will also tell you that, as I
10 understand it, you'll also see on that list of
11 things from Dorothy that there's reference to
12 a checkbook, and what that is -- and it also
13 coincidentally was about twenty million dollars,
14 and I believe people confuse this twenty
15 million dollar fund balance discrepancy with
16 what was known as the checkbook. And what
17 that was, it was a money that was
18 appropriately authorized expenditures to the
19 department that was kept in reserve at the
20 time by the admin -- by my predecessor, the
21 admin deputy, in the event that we had
22 unexpected issues throughout the year that we
23 needed to put money towards.

24 MR. PATTON: Reserves from what
25 account? From the SPRF account?

1 MR. ROBERTSON: From SPRF, right.

2 MR. PATTON: Okay.

3 MR. ROBERTSON: But it was not fully
4 allocated out to Park Operations, and it was
5 about twenty million dollars, and that was
6 known as the checkbook. So when --

7 MR. PATTON: It's a reserve.

8 MR. ROBERTSON: Exactly. When
9 something happen --

10 MR. PATTON: But it's not allocated.
11 An unallocated amount of the SPRF fund is
12 being held --

13 MR. ROBERTSON: Internally and not
14 allocated. It was appropriately authorized to
15 the department --

16 MR. PATTON: Right.

17 MR. ROBERTSON: -- but we had not
18 allocated it out to Park Operations.

19 MR. PATTON: Correct. Twenty
20 million, give or take.

21 MR. ROBERTSON: Right, exactly. Now
22 at --

23 MR. PATTON: And people confuse it
24 because there's twenty million that's
25 undisclosed in the DOF in the fund condition

1 statement.

2 MR. ROBERTSON: That's right.

3 MR. PATTON: How big is the SPRF
4 fund all told each year?

5 MR. ROBERTSON: I have that right
6 here. I don't specifically have that.

7 MR. PATTON: I think I've seen a
8 figure light 188 million. Am I off?

9 MR. ROBERTSON: I want to give you
10 specifically, Tom. I don't want to guess on
11 that. The SPRF for the year is 126 -- almost
12 127 million dollars.

13 MR. PATTON: So twenty million is
14 about a sixth of it.

15 MR. ROBERTSON: Um-hum.

16 MR. PATTON: All right. So the
17 twenty million in the checkbook, the
18 unallocated reserve stuff -- I mean, it's
19 twenty million from -- it's not necessarily --
20 doesn't necessarily correlate with the twenty
21 million that's undisclosed in the fund
22 condition statement.

23 MR. ROBERTSON: That's right.

24 MR. PATTON: That's the point.

25 MR. ROBERTSON: That's right.

1 MR. PATTON: You could call them the
2 same, but they're not -- they don't
3 necessarily overlap.

4 MR. ROBERTSON: That's right.

5 MR. PATTON: Okay.

6 MR. ROBERTSON: And it's important
7 to note probably also that this 127 million
8 dollars that's authorized expenditure in this
9 year's budget vests twenty million is in the
10 fund condition, but that's not authorized
11 expenditure --

12 MR. PATTON: Right.

13 MR. ROBERTSON: -- to us.

14 MR. PATTON: It's never --

15 MR. ROBERTSON: It's never
16 appropriated to us.

17 MR. PATTON: It's never appropriated
18 to you because the legislature has not been
19 made aware of it.

20 MR. ROBERTSON: That's correct.

21 MR. PATTON: Got it. Tony Perez
22 says that he was aware vaguely that there's
23 some pot of money, undisclosed pot of money.
24 He's the Deputy Director for Parks Operations,
25 right?

1 MR. ROBERTSON: That -- he was.

2 MR. PATTON: He was.

3 MR. ROBERTSON: And I -- as I
4 said, I --

5 MR. PATTON: What is he doing right
6 now?

7 MR. ROBERTSON: He's retired.

8 MR. PATTON: Okay

9 MR. ROBERTSON: I don't know that
10 Tony was in a conversation. He said he had
11 heard that those conversations --

12 MR. PATTON: He'd heard.

13 MR. ROBERTSON: -- were aware.

14 MR. PATTON: He'd heard. And he
15 indicated that Bill Herms, who was
16 legislative --

17 MR. ROBERTSON: Deputy.

18 MR. PATTON: -- deputy.

19 MR. ROBERTSON: And I just want to
20 stress that this is secondhand --

21 MR. PATTON: Itself all hearsay.

22 MR. ROBERTSON: -- absolutely.

23 MR. PATTON: I get it. Parks Ops --
24 is SPRF the fund that Parks Operations lives
25 off of?

1 MR. ROBERTSON: It's one of --
2 our -- SPRF is our largest fund. We also have
3 112 million dollars in general fund. So it's
4 a combination of SPRF and general fund, and we
5 have a bunch of smaller funds --

6 MR. PATTON: What's the
7 department's --

8 MR. ROBERTSON: -- as well.

9 MR. PATTON: -- total budget?

10 MR. ROBERTSON: 467 million dollars
11 this year.

12 MR. PATTON: So SPRF is 120, general
13 fund is 112, that's 232 million, and there's
14 another 170, 180 million --

15 MR. ROBERTSON: That's right.

16 MR. PATTON: -- in additional funds?

17 MR. ROBERTSON: We have the Off
18 Highway Vehicle funds, the OHV funds --

19 MR. PATTON: Which is how much?

20 MR. ROBERTSON: -- which is seventy-
21 eight million.

22 MR. PATTON: Okay.

23 MR. ROBERTSON: We have this year an
24 Enterprise fund. We have bonds to the tune of
25 almost forty million dollars, thirty-seven

1 million dollars reimbursement account. We
2 have some federal funds and other funds that
3 total about thirty-five million.

4 MR. PATTON: Okay.

5 MR. ROBERTSON: So just various
6 sources.

7 MR. PATTON: Have you looked into
8 the history of -- since it appears -- Dorothy
9 certainly tells us that she first set about to
10 work on this in '01, and at the request of
11 Freda Luanne Dunne and Becky Brown. She
12 determines that there's a problem with prior
13 year adjustments and what's being reflected in
14 the budget office's fund condition statement,
15 and we don't know what exactly the genesis of
16 this was, but we know that at the time that it
17 was discovered in -- basically Dorothy got
18 some answers by the beginning of '02.

19 MR. ROBERTSON: Um-hum.

20 MR. PATTON: And at the time, in the
21 beginning of '02, the Chief Deputy -- Ruth
22 Coleman, was the Director, having taken over
23 just recently from Rusty Areias, and the Chief
24 Deputy Director and head of Admin Services is
25 Denzil Verardo, and there's someone by the

1 name of Tom Domich who appears to be --

2 MR. ROBERTSON: He was the Assistant
3 Admin Deputy.

4 MR. PATTON: So he's over -- he's
5 the immediate person above Budget Officer
6 Becky Brown and Accounting Officer Freda
7 Luanne Dunne.

8 MR. ROBERTSON: That's right.

9 MR. PATTON: Have you heard any
10 stories about when this first came to light
11 and whose decision it was to tell Becky to
12 tell Dorothy, we're not going to do anything
13 about it?

14 MR. ROBERTSON: No. The only person
15 I've talked to who was around then who
16 knows -- who has any history was Dorothy. And
17 Dorothy, what she's told me was that, as you
18 said, Freda Luanne Dunne and Becky Brown asked
19 her to look into it. She identifies the
20 problem, the magnitude and why or how we got
21 there and -- or what the source of the problem
22 was, and then she said that they -- she
23 believes they brought it upstairs.

24 MR. PATTON: "They," Becky and
25 Freda?

1 MR. ROBERTSON: Becky and Freda.
2 And I don't know specifically who they would
3 have talked to.

4 MR. PATTON: Okay.

5 MR. ROBERTSON: I'm assuming -- you
6 have the Orrick chart of who the folks were,
7 but I'm assuming she would have -- she says
8 she talked -- they would have talked to
9 someone on the fourteenth floor.

10 MR. PATTON: And the people on the
11 fourteenth floor are the director, that's
12 Denzil Verardo who was the Chief Deputy
13 Director and head of Admin Services. Would he
14 be on the fourteenth floor?

15 MR. ROBERTSON: Denzil at that time,
16 he sat here in this office --

17 MR. PATTON: Okay.

18 MR. ROBERTSON: -- because -- and
19 that what I understand to be true. He was
20 both the Chief Deputy and the --

21 MR. PATTON: Right.

22 MR. ROBERTSON: -- Deputy Director
23 of Admin --

24 MR. PATTON: Who would the --

25 MR. ROBERTSON: -- at the same time.

1 MR. PATTON: Who would the
2 fourteenth floor then consist of?

3 MR. ROBERTSON: Well, you would have
4 had the Director --

5 MR. PATTON: Yep.

6 MR. ROBERTSON: -- the ledge
7 director, the -- probably External Affairs,
8 Deputy Director. I'm assuming the legal --
9 the office -- the attorney, but I don't know.
10 That person works on the fourteenth floor, but
11 I don't know.

12 MR. PATTON: So it's the other
13 division deputy directors -- this tenth floor
14 is devoted --

15 MR. ROBERTSON: Admin.

16 MR. PATTON: -- to Admin Services --

17 MR. ROBERTSON: That's correct.

18 MR. PATTON: -- Personnel, Budget,
19 Accounting, Accounts Payable.

20 MR. ROBERTSON: IT.

21 MR. PATTON: Yeah.

22 MR. ROBERTSON: All those.

23 MR. PATTON: Okay. So fourteenth
24 floor is all Parks executive management?

25 MR. ROBERTSON: And Park Operations,

1 but I would think, when Dorothy was referring
2 to the fourteenth floor, she didn't go to Park
3 Operations; she went -- she was referring to
4 executive staff, the Chief Deputy and Director
5 and members of executive staff, but I'm only
6 speculating who that may have -- who
7 specifically they talked to.

8 MR. PATTON: But I mean, Becky and
9 Freda are reporting to first Tom Domich --

10 MR. ROBERTSON: And then Denzil
11 Verardo.

12 MR. PATTON: -- and then Denzil.

13 MR. ROBERTSON: That's correct.

14 MR. PATTON: They're not going to go
15 report to the Parks Operation Deputy Director.

16 MR. ROBERTSON: No, that wouldn't be
17 logical.

18 MR. PATTON: Right.

19 MR. ROBERTSON: That would not be
20 logical.

21 MR. PATTON: All right. And Tom
22 Domich at the time, he was the Assistant Admin
23 Services Director?

24 MR. ROBERTSON: I believe that to be
25 true. I'm not looking at the time line right

1 now.

2 MR. PATTON: Well, the Orrick chart
3 says "Chief Deputy Director, Administrative
4 Services, Denzil Verardo," and then it says
5 "Financial Management Division, Tom Domich."
6 It doesn't give him a title.

7 MR. ROBERTSON: Yeah. I believe at
8 that time the structure was a little bit
9 different where you had financial
10 management -- the Assistant Admin Deputy was
11 in charge of both Accounting and Budgets at
12 the same time, but it was essentially the
13 Assistant Admin Deputy role.

14 MR. PATTON: So I'm just trying to
15 understand. So Tom Domich would have been on
16 this floor?

17 MR. ROBERTSON: He would have. He
18 would have been in the office that Dave
19 Saxby's in now or was.

20 MR. PATTON: And who would have been
21 in this office back then? Oh, you said Denzil
22 kept his office here.

23 MR. ROBERTSON: I believe so.

24 MR. PATTON: So in her -- in Becky
25 and Freda's chain of command, you've got first

1 Tom Domich, the Assistant Admin Director, then
2 you got Denzil, the Chief Deputy Admin
3 Director, and then you got Ruth Coleman.

4 MR. ROBERTSON: That's correct.

5 MR. PATTON: And so the only one on
6 the fourteenth floor at that time --

7 MR. ROBERTSON: Would have been
8 Ruth.

9 MR. PATTON: -- is Ruth Coleman.

10 MR. ROBERTSON: That's right. And
11 prior to serving as director, Ruth served as
12 the Chief Deputy for a while --

13 MR. PATTON: Okay.

14 MR. ROBERTSON: -- and the ledge
15 director.

16 MR. PATTON: Ron Bean (sic) -- Beam
17 (sic) was it?

18 MR. ROBERTSON: Right.

19 MR. PATTON: He was Deputy Director
20 for Admin Services after Denzil Verardo left.

21 MR. ROBERTSON: He was for a short
22 time, yes.

23 MR. PATTON: Okay.

24 MR. ROBERTSON: I believe -- you may
25 have the -- I don't have the time line in

1 front of me; I think I have it right over
2 here. But I forget the exact dates that he
3 was there, but I could provide that to you if
4 you don't have it.

5 MR. PATTON: No, we've got that. I
6 guess I just -- I have to track down each of
7 these people.

8 MR. ROBERTSON: Ron Brean, right.
9 That would have been June 2003 to October
10 2003, so a fairly short period.

11 MR. PATTON: Followed by a Paul
12 Romero.

13 MR. ROBERTSON: Well, Paul Romero
14 would have been Chief Deputy.

15 MR. PATTON: Okay. So really it was
16 Michael Harris.

17 MR. ROBERTSON: And Mike -- right,
18 so --

19 MR. PATTON: As of '04, Becky and
20 Freda are reporting first to Tom Domich and
21 then to Mike Harris as Deputy Director for
22 Admin Services, then to Chief Deputy Paul
23 Romero, then Coleman.

24 MR. ROBERTSON: Right. So Michael
25 was the Deputy Director of Admin Services

1 prior to becoming Chief Deputy.

2 (Pause)

3 MR. PATTON: When we spoke before,
4 we talked about this. Freda Luanne Dunne and
5 Becky Brown learn of this -- well, their
6 supervisors are first Tom Domich and then
7 Denzil Verardo. This is when this first gets
8 figured out.

9 MR. ROBERTSON: That's correct.

10 MR. PATTON: And so reporting to
11 upper management for Dunne and Brown is going
12 to Domich and Verardo --

13 MR. ROBERTSON: That's correct.

14 MR. PATTON: -- if not all the way
15 up to Ruth.

16 MR. ROBERTSON: That's correct.

17 MR. PATTON: And I wrote down -- and
18 possibly also to Mary Wright and that --

19 MR. ROBERTSON: You did that because
20 Mary was -- there was two Chief Deputies at
21 the time. There were the Chief Deputy for
22 Administration which was Denzil Verardo and a
23 Chief Deputy for Operations which, I believe,
24 was Mary Wright at the time.

25 MR. PATTON: Yeah, yeah. Mary

1 Wright's on the Orrick chart I have dated May
2 16, 2000. She is not on the Orrick chart for
3 September 1, 2001. Does your list show when
4 Mary Wright left?

5 MR. ROBERTSON: No, I don't.

6 MR. PATTON: Okay.

7 MR. ROBERTSON: I do have -- you
8 said 2001 is what you have?

9 MR. PATTON: Mary's name only
10 appears on the May 2000 Orrick chart. By
11 September of one, she's off the chart.

12 MR. ROBERTSON: Okay. See, I see
13 Ruth Coleman as the Chief Deputy in January of
14 2002 to August 2003, and then Paul Romero and
15 then Michael Harris.

16 MR. PATTON: Yeah. Yep. Yeah, I
17 have her -- I have Ruth as Chief Deputy in '02
18 and acting Director.

19 MR. ROBERTSON: Yes.

20 MR. PATTON: Same thing in '01.

21 MR. ROBERTSON: Okay.

22 (Pause)

23 MR. PATTON: You told me when we
24 met -- early on, you were telling me a little
25 bit about Manny Lopez's character and style,

1 and what I wrote down was that the culture
2 here was that Manny ruled based on fear and
3 retaliation, doesn't like challenges, would
4 retaliate. You're nodding your head?

5 MR. ROBERTSON: I'm -- yes, I did
6 say that, and I have not met Manuel Lopez.

7 MR. PATTON: Okay.

8 MR. ROBERTSON: I said those based
9 on what I've heard from other employees,
10 observation of my own managers. When I first
11 got here, I talked at the very beginning about
12 building trust in a culture of coming forward.
13 There seemed to be -- when I would ask my
14 managers about their thoughts on something,
15 they didn't appear to be comfortable with
16 giving their full thoughts on it. When I
17 would ask why they did something, meaning what
18 was the specific authority for taking a
19 particular action, that was not something that
20 they were disciplined in doing. They
21 typically -- they told me the culture was,
22 one, you didn't ask really could you do it or
23 not or what the authority was because the rule
24 might not allow you to do it, and that gray
25 area, if you had that gray area, you worked

1 within there. And that was -- seemed to be
2 the culture. There seemed to be a culture of
3 secrecy. There was --

4 MR. PATTON: Between whom?

5 MR. ROBERTSON: Well, I think it
6 existed throughout the department, for one. I
7 don't think there was much -- there were a lot
8 of silos between areas, between one division
9 and another, between Admin Services and
10 Operations, between just, I think within -- or
11 between all of the different divisions, and I
12 think within Admin there was not a tremendous
13 amount of transparency. And when I came in,
14 my predecessor, Kirk Sturm, the interim Admin
15 Deputy between Manuel and I, had done a survey
16 of admin employees, and they found in that
17 survey that their biggest concern was
18 communication, there was no communication.

19 And I found that to be true in terms
20 of my observations. There -- if people
21 became -- came forward over the last seven
22 months, have come forward and told me that
23 they felt like there was a culture of fear
24 that you didn't challenge the decisions that
25 Manuel would make. If you would, that you'd

1 be -- you might be moved or you might be --
2 not be in the same job.

3 Now, I'll also tell you though that
4 I don't know the specifics of all of those
5 personnel decisions. I don't know if the
6 moves that Manuel made were based on
7 legitimate discipline or personnel performance
8 issues or not.

9 MR. PATTON: Let's not try to figure
10 that out then right at the moment.

11 MR. ROBERTSON: Sure.

12 MR. PATTON: What can you tell us
13 about Ruth Coleman's communication style and
14 management style? Do you have many
15 interactions with her?

16 MR. ROBERTSON: Well, I did to the
17 extent that she's the Director and I'm a
18 Deputy Director in the department. I will --
19 I think it goes back to the silos. There were
20 the silos, and there wasn't clear
21 communication across the different divisions.
22 I don't -- I think part of the problem was --
23 or is, and we're working to correct these, is
24 you don't have good systems in place to assure
25 coordination between things. We don't operate

1 as one department. We operate as Admin
2 Services, Park Operations, Acquisitions and
3 Development. I think only recently here are
4 we beginning to tear down some of those walls.

5 MR. PATTON: Well, let me ask you,
6 so there's an executive committee and then
7 there's a -- there's a big and a small
8 executive committee that they meet alternating
9 weeks, and the big committee are all these
10 different deputy directors, right?

11 MR. ROBERTSON: That's right.

12 MR. PATTON: And so when you would
13 go to these meetings, they're not freely
14 discussing amongst each other the state of
15 their sections and challenges and --

16 MR. ROBERTSON: Well, we talk
17 about -- what we do is -- at those meetings we
18 would talk about here are the things I'm
19 working on, here are the issues, but we didn't
20 talk -- it was more going around the room
21 reporting on what you're working on. We
22 didn't talk -- we didn't have systems in place
23 to talk about substantive issues.

24 And what I would describe as
25 substantive management issues are having a

1 disciplined process to talk about how are we
2 doing related to employee issues, what are
3 budget issues, process improvement activities.
4 We didn't have the discipline to deal with
5 substantive issues. Today, we had all the
6 deputies together, most of them, and --

7 MR. PATTON: Well, let me just get a
8 feel for this.

9 MR. ROBERTSON: Okay.

10 MR. PATTON: So these meetings where
11 you didn't really delve into substantive
12 issues, they're more just kind of like
13 formality-type meetings, show up and give a
14 little briefing on --

15 MR. ROBERTSON: What's the important
16 things you're working on right now.

17 MR. PATTON: -- and other than that,
18 let's not sit here and belabor problems or get
19 too deep into anybody's particular --

20 MR. ROBERTSON: I think that's an
21 accurate way to describe it. We -- as I
22 understand I, the department hasn't had a
23 substantive budget discussion with all the
24 deputies in a long time, and that's what I
25 started to say.

1 Today, we had all the managers here
2 at headquarters, and we talked about how the
3 budget is structured in the department, how we
4 allocate our budget out to all the divisions,
5 and this is going to be a recurring meeting.
6 We didn't have those things. And so you
7 didn't have a situation where everyone was
8 aware of the budget and everyone was asking
9 those probative substantive questions. It
10 was -- the budget was Admin Services and we
11 would share -- it was given out and you didn't
12 ask a bunch of questions around that.

13 MR. PATTON: So, Aaron, I appreciate
14 you giving us a little insight into sort of
15 the culture and climate when you came on the
16 scene, which I realize wasn't that long ago.
17 I'm -- and you may not have any information to
18 glean, but I can -- to share, but I can see
19 that this issue of the undisclosed funds arose
20 long ago. It became -- it's clear it was
21 known to the Budget and Accounting people and
22 the Admin Services Director well known --
23 fairly well understood by 2002, and at that
24 point it appears to me there's a conscious
25 decision not to deal with the problem and to

1 continue to underreport to Finance.

2 MR. ROBERTSON: That's correct.

3 MR. PATTON: And at the time in '02,
4 as of July '02, Denzil Verardo is the Chief
5 Deputy Director for Admin and Ruth Coleman is
6 the Chief Deputy Director and acting Director,
7 so it's their administration. What have you
8 heard at all about the climate and culture
9 during that era?

10 MR. ROBERTSON: What I know is State
11 Parks, back in the -- a decade ago, actually
12 had a reputation, and I don't know about the
13 culture in terms of how things were, but had a
14 reputation for performance excellence. In
15 fact, there's a couple of trophies up there
16 for -- from the California Association of
17 Performance Excellence. It's a Baldrige
18 Award-type of recognition, and it was for
19 having systems in place for measurement and
20 good best practices in terms of management of
21 an organization. And that was the reputation
22 that Parks one had.

23 I don't know when it began to slide,
24 and I don't know internally what caused
25 change, but certainly we've got a department

1 administrative manual and a department
2 operations manual that hasn't been updated in
3 more than a decade that we're now going
4 through to update, and not only to update but
5 to train on a regular basis of what it is that
6 we should be doing. But it hasn't happened.

7 MR. PATTON: All right. Is there
8 anything -- I think we've pretty well covered
9 the bases we covered before and everything
10 that I can think of that needs to be covered.
11 Is there anything else you can think of, any
12 other -- any new information you've uncovered
13 since we've last spoken?

14 MR. ROBERTSON: No.

15 MR. PATTON: Okay. Any other
16 financial crises on the horizon we should know
17 about or --

18 MR. ROBERTSON: Nothing particular.
19 I will tell you that we're looking each day.
20 We're not waiting for the results of the audit
21 to come out or the results of the
22 investigation. We're working every day to
23 uncover issues and to try to improve issues,
24 improve upon things as we find them. We're
25 not waiting several months to get the results

1 of an audit or an investigation, so we're
2 working to improve things daily.

3 MR. PATTON: So is there anything
4 that I missed?

5 MR. ROBERTSON: I don't believe so,
6 and if I think of something between -- after
7 this meeting, I'll let you know; I'll give you
8 a call.

9 MR. PATTON: Okay. Appreciate that.
10 Michael, you got anything?

11 MR. MATTSON: No.

12 MR. PATTON: All right. Well, let's
13 go off the record then. It's 5:07, and we
14 very much appreciate your time.

15 MR. ROBERTSON: Thank you.

16 (End of audio)

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Aaron Robertson interview on 8-22-12

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