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TRANSCRIPTION OF RECORDED INTERVIEW

OF

Daphne Greene

September 27, 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: Donna Gould
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1 (On the record at 11:06 AM)

2 MR. PATTON: 11:06. All right. We're on the record
3 at 11:06, Thomas -- on Thursday, September 27, 2012, Thomas M.
4 Patton, Deputy Attorney General, speaking. With me is Special
5 Agent Michael Matson of the DOJ. And if you would introduce
6 yourself and spell your name?

7 MS. GREENE: Hi. Daphne Greene; D-A-P-H-N-E, Greene,
8 G-R-E-E-N-E.

9 MR. PATTON: All right. Ms. Greene, if you could
10 tell us what your background is with regard to service at the
11 state parks?

12 MS. GREENE: Delighted to. I was first appointed by
13 Governor Davis to serve on the Off-Highway Motor Vehicle
14 Recreation Commission, a position I served from 2000 to 2003,
15 chaired that board for two years, stepped down in 2003 and in
16 2004 was appointed by Governor Schwarzenegger as the Deputy
17 Director of the Off-Highway Motor Vehicle Recreation Division,
18 a position I served until December 31st, 2011.

19 MR. PATTON: Okay. '04, appointed Deputy Director of
20 OHV, served until -- tell me the date again?

21 MS. GREENE: Until December 31st, 2011.

22 MR. PATTON: All right. That was a long tenure.
23 Close to eight years.

24 MS. GREENE: It was.

25 MR. PATTON: So what background did you have that put

1 you in the selection process for OHV Commission and Deputy
2 Director?

3 MS. GREENE: I have always been an advocate for
4 public lands and how we protect them. I was lucky enough -- I
5 sat on my mom's lap at six years old in Death Valley, so that
6 was the first introduction I had to driving on dirt roads.
7 Camping, backpacking, rock climbing, ice climbing, I have
8 always accessed the outdoors.

9 My profession was as an outdoor adventure consultant,
10 and so I guided for the advent of -- originally for mountain
11 biking -- mountain biking, backpacking and rock climbing and
12 then transitioned into a company for four-by-four recreation
13 and responsible use, so what I did was guiding primarily for
14 sport utility vehicle manufacturers who were introducing their
15 products. Particularly at that time, we had the explosion of
16 vehicles and wanting to make sure that they're using public
17 lands responsibly, so teaching both the press and the people
18 who worked at various dealerships as well as the public who
19 own the vehicles how do you go out on public way.

20 So I had a lot of exposure to the Forest Service, the
21 BLM and to state parks, the state OHV parks, and had been
22 active in those parks separate, so really when I became a
23 commissioner, I saw that there were a lot of issues of
24 concern. I did a lot of work to try and start changing the
25 direction of how things went.

1 I stepped down because it was getting a little bit
2 too much, and I had a great job and I wanted to go back to my
3 job, and when I was appointed in 2004, took a long time to
4 make the decision, but I recognized that I could never
5 complain about how we manage public lands if I wasn't willing
6 to come and try and fix them myself so --

7 MR. PATTON: Okay. Well, great. And you stay
8 active -- you still -- you have a business -- you returned to
9 the business world --

10 MS. GREENE: Correct.

11 MR. PATTON: -- of guided tours, right?

12 MS. GREENE: Correct.

13 MR. PATTON: Okay. You've seen, I assume, the
14 newspaper articles about some disparities -- put that on hold
15 for one minute while I get that. (Pause). Okay. We're back
16 on the record. So you're back in your -- the last thing I
17 said was you were back in your private enterprise, and then I
18 was going to ask you you've seen the news articles, I presume,
19 about some disparities in financial reports from the Parks
20 Department that went to the Finance Department versus the
21 Controller's office?

22 MS. GREENE: Correct.

23 MR. PATTON: You have seen those?

24 MS. GREENE: I have.

25 MR. PATTON: And when was the first that you ever

1 learned of any financial disparities in reports?

2 MS. GREENE: Can I back up for a moment?

3 MR. PATTON: Sure.

4 MS. GREENE: I knew -- when I first came on as the
5 Deputy Director in '04, two months later, I was called before
6 the Joint Legislative Audit Committee who proceeded to do --
7 there was a lot of concern about the way the OHV Trust Fund
8 was being handled, and this was on the history of -- I believe
9 the trust fund had already been audited eleven times
10 previously, so there was a decision made to -- to do an audit
11 of the division, which I welcomed because I had only been
12 there a short period of time and let's find out there and a
13 window into --

14 MR. PATTON: When had the OHV Trust Fund been
15 created?

16 MS. GREENE: The OHV Trust Fund -- the program was
17 created in 1971, and in 1982 was the first OHV Act which
18 separated the division from the department --

19 MR. PATTON: Okay.

20 MS. GREENE: -- in large part because of the concerns
21 that the department had been using OHV trust funds
22 inappropriately.

23 MR. PATTON: When did it become a trust fund?

24 MS. GREENE: It was in -- in 1982.

25 MR. PATTON: So the eleven audits of the OHV fund

1 would have been between 1982 and 2004?

2 MS. GREENE: Correct.

3 MR. PATTON: Okay.

4 MS. GREENE: Correct. And I can bring you a list of
5 those, but some of them were internal, but there were a number
6 of external audits done by the BSA auditor as well during that
7 time period.

8 MR. PATTON: Bureau of State Audits?

9 MS. GREENE: Correct. Sorry.

10 MR. PATTON: Which is part of the Legislative
11 Analyst's Office?

12 MS. GREENE: No, it's a separate --

13 MR. PATTON: It's a separate --

14 MS. GREENE: Yeah.

15 MR. PATTON: Okay. Is it part of the legislative
16 branch?

17 MS. GREENE: Yeah.

18 MR. PATTON: Okay.

19 MS. GREENE: So Elaine Howe --

20 MR. PATTON: Okay.

21 MS. GREENE: -- I think is still there. So that --
22 the commission was formed in 1982 and the division was formed
23 in 1982 and it really -- and statute says that it created the
24 division, so it's in the PRC, and it says that the division
25 will be responsible in --

1 MR. PATTON: PRC, the Public Resources Code?

2 MS. GREENE: The Public Resources Code. My
3 apologies. In many instances, the activities and functions
4 performed at the OHV Division mirror those of state parks, so
5 you have Planning Division, you know, acquisitions, and so you
6 have those, too, again in large part because of the concern of
7 the merging of funds, so that's the history that we came in
8 on -- I came in on in 2004.

9 So I welcomed the auditor because, you know, again,
10 like I said, it was a window into everything that we needed to
11 clean up, so if there were problems, I wanted to know about
12 them, so they were with us for about a year, and in 2005, they
13 produced a report, and in the report, it went through all of
14 the things that were problematic with the division. I believe
15 there's seventeen recommendations of things that needed to be
16 addressed, and so we moved forward to address those concerns.
17 So transparency in government was something that was really
18 important to me because --

19 MR. PATTON: All right. Let me stop you for a
20 second.

21 MS. GREENE: Sorry.

22 MR. PATTON: That's all right. So you've just handed
23 me a copy of a Bureau of State Audits 2005 -- August 2005
24 audit report regarding the OHV program, and rather than me
25 stopping here to read this right at the moment, tell me if

1 inside here there is any mention of disparities --
2 discrepancies in Fund Balance Reports for this program that
3 have gone to the Controller's office versus the Fund Balance
4 Reports that have gone to the Department of Finance for
5 purposes of preparing the budget.

6 MS. GREENE: For purposes of preparing the budget, I
7 do not believe that there's anything in there that speaks to
8 the discrepancy between the Controller and Department of
9 Finance. There is the concern about the way the money has
10 been tracked by -- then by the division and the department.

11 MR. PATTON: Department of --

12 MS. GREENE: Department of Parks & Recreation.

13 MR. PATTON: Okay. What were the concerns as to how
14 the money's been tracked?

15 MS. GREENE: The concerns highlighted in 2005 was
16 that in '03-'04, approximately 3.6 million OHV dollars had
17 been used by the department for activities unrelated to off-
18 highway motor vehicle recreation, so paying for rangers on
19 Angel Island, that sort of thing, so there was -- and then
20 again in 2004-05, I think it was approximately 2.5 -- 2.7
21 million dollars that was continued to be taken from the OHV
22 Trust Fund to the department for services, so that was
23 problematic, and so we addressed that at the time, and that
24 was obviously brought forth to the department. There's a
25 section in this audit that --

1 MR. PATTON: "We" the OHV Division?

2 MS. GREENE: So -- I'm sorry. So the auditors
3 brought that forward to both myself and the executive staff,
4 the Director as well as -- the Director at that time. I
5 believe she and I were both interviewed, I know I was, about
6 how trust funds were used.

7 MR. PATTON: The Director being Ruth Coleman?

8 MS. GREENE: Right. And actually, I believe as well
9 Manuel Lopez at the time -- there's a series of e-mails
10 talking about -- I mean, we have all the information from the
11 auditor and how they wanted information from us, and they were
12 very -- they wanted to know how -- how the funds were being
13 used, they wanted to -- they had problems with how they were
14 being calculated or tracked.

15 MR. PATTON: Yeah.

16 MS. GREENE: It would have been --

17 MR. PATTON: Okay. So to --

18 MS. GREENE: So something that needed to be
19 addressed.

20 MR. PATTON: -- the bottom line is the audit is
21 examining the use and tracking and reporting of OHV trust
22 funds?

23 MS. GREENE: Correct, among many other things; how
24 the commission was operating --

25 MR. PATTON: Okay.

1 MS. GREENE: -- or how the Grants Program was
2 operating.

3 MR. PATTON: Well, with regard to money, it's
4 tracking the utilization and reporting of OHV funds?

5 MS. GREENE: Correct. Correct.

6 MR. PATTON: Now, let me show you some spread sheets
7 that we've obtained through the Department of Finance, and
8 this bottom section -- and actually, so what we have is we
9 have two sets of numbers. One is applicable to the State
10 Parks & Rec Fund, which is I assume not a fund that you dealt
11 with. You were primarily concerned with the second set of
12 numbers, the Off-Highway Vehicle Trust Fund?

13 MS. GREENE: That is correct.

14 MR. PATTON: Okay. Were you ever in any discussions
15 as part of the executive team with regard to State Park & Rec
16 funds?

17 MS. GREENE: I was a member of the executive team,
18 and so there were certainly discussions about that fund as
19 well as the OHV Trust Fund. I didn't have any -- a lot of
20 interaction when it came to the SPRF fund. That was not my
21 area.

22 MR. PATTON: But you did attend -- I understand there
23 were -- there is something called a Large Executive Committee
24 and a Small Executive Committee.

25 MS. GREENE: Exec staff meetings. We would have

1 regular meetings every Monday so --

2 MR. PATTON: So you were -- were you on both the
3 large and small committees?

4 MS. GREENE: That's correct.

5 MR. PATTON: So you attended those meetings for a lot
6 of years?

7 MS. GREENE: Correct.

8 MR. PATTON: And those were run by the Director, Ruth
9 Coleman?

10 MS. GREENE: That is correct.

11 MR. PATTON: And I assume then the other division
12 directors are attending, and my question is had -- was there
13 ever any discussion you can recall with regard to the SPRF,
14 the State Park & Rec Fund, about any problems, any
15 discrepancies in numbers being reported to the Finance
16 Department versus to the Controller?

17 MS. GREENE: Not specifically to -- that I recall to
18 the Controller versus Finance. There was a lot of discussion
19 about SPRF and how were there ways that we can try and hold
20 onto it, but there wasn't any discussion that I recall.

21 MR. PATTON: okay. Tell me about that then. What
22 sort of discussions in terms of how we can hold onto what?

23 MS. GREENE: Well, I think as we were looking -- so
24 similar to the OHV Trust Fund, you don't want those funds --
25 those funds are entrance fees, those are funds that are

1 nonfungible, so they remain within the department, and they
2 can't be taken or loaned for something else, so I think
3 that -- I know -- I recall that there were discussions
4 about -- obviously as gate fees increase -- because we were
5 in the situation where parks were faced with closure, and so
6 as -- we wanted to increase revenues, and so obviously gate
7 fees began to go up which resulted in an increase in the SPRF
8 fund.

9 And -- and again I was not privy to the specifics of
10 the discussion because it wasn't my fund that I was
11 responsible for, but there were discussions about trying to go
12 to Finance, I believe, and get -- you know, to the legislature
13 to be able to reappropriate -- a continuous reappropriation
14 for that fund and --

15 MR. PATTON: So you mentioned -- the phrase you used
16 was hang onto those funds which connotes then don't lose them.

17 MS. GREENE: Correct.

18 MR. PATTON: And how -- what -- in your
19 understanding, what was the risk? How could they be lost? If
20 they're not fungible and they can't be taken from that fund
21 for use by the state elsewhere, what was the concern to the
22 best of your knowledge?

23 MS. GREENE: Again I'm -- I'm not sure that I can
24 speak clearly to that because I don't know, but I do know that
25 any time -- you -- in your ideal world, you would like those

1 funds to be in SPRF or in the OHV Trust Fund so that they
2 can't be loaned or taken, so if they're not general fund --
3 they can't be -- they can't be swept, so you'll be able to
4 keep parks open and keep operating if you can hold onto those
5 SPRF funds.

6 MR. PATTON: Okay. So you haven't -- I haven't
7 really heard something that speaks to a risk of losing them.
8 Was there ever any discussion about concern of losing ground
9 in terms of general fund appropriations?

10 MS. GREENE: Certainly I think that there was always
11 a concern that you would lose general fund appropriations, and
12 some believed in the department that that would be
13 devastating, others believed that you could, you know, figure
14 out other creative ways of operating parks, and there was
15 often some discussion, sometimes contentious, about those
16 issues.

17 MR. PATTON: So there was discussion about ways of
18 increasing revenues to deal with -- to offset any losses in
19 general funding levels?

20 MS. GREENE: Right, but I think that also always
21 brings up that we're parks and we want to be parks for the
22 people, and we don't want to exclude people from parks and you
23 want to -- not everybody has a lot of money and can afford a
24 really big gate fee, so how do you try --

25 MR. PATTON: So that was the debate.

1 MS. GREENE: Yeah.

2 MR. PATTON: I'm just curious of that -- about there
3 was a debate.

4 MS. GREENE: There was -- there was a debate for a
5 period of time, but I think that the -- the real concern was
6 not closing parks, so if you had to continue to increase, some
7 people were willing to pay it, then you would continue to --
8 to increase that (indiscernible).

9 MR. PATTON: Okay. So you're -- what you can -- what
10 you're indicating to me you do recall is that there was
11 concern about losing general funding appropriation levels,
12 having them reduced, whether or not it could be made up or
13 whether it was appropriate to make it up by trying to increase
14 revenue streams, correct?

15 MS. GREENE: Correct. If you could have -- I think
16 the goal was to make sure that -- that if you could -- the
17 more money that was going into SPRF, then you were assured
18 that that money would be protected.

19 MR. PATTON: Okay. But nowhere in these meetings do
20 you recall any discussion of not disclosing all -- not
21 disclosing to the Finance Department all available dollars in
22 SPRF?

23 MS. GREENE: No, I don't remember that there was any
24 discussion about keeping them from SPRF. I do recall in one
25 meeting there was discussion about how to try and make sure

1 the money stayed in SPRF.

2 MR. PATTON: And what was that? What was the plan
3 for making sure money stayed in SPRF?

4 MS. GREENE: I don't know the plan. I wasn't privy
5 to that. I know on one occasion I took notes and went back
6 and asked my chief, Phil Jenkins, if he had any knowledge of
7 why -- there was a comment made, I recall, about trying to
8 wash money through SPRF, and I don't know what that meant and
9 I was confused by it, so I put a question mark after my notes
10 and went back and asked him what that meant.

11 MR. PATTON: And were either of you able to learn
12 anything more about that?

13 MS. GREENE: No, I think there -- you know, what --
14 given the OHV Trust Fund and our experience, I think that if
15 funds are fungible, you don't want your funds taken, and if
16 they're nonfungible, then they're not -- you're not going to
17 have them taken, so there was some concern about that.

18 MR. PATTON: Okay. So let's talk then about OHV
19 funds, and we'll look at these numbers that Finance has given
20 us which reflect annual year-end balances, fiscal year-end
21 balances as reported to the Controller versus as reported to
22 the Department of Finance, and the numbers go back as far as
23 1993. My understanding that is when numbers were first input
24 for the department into the Cal Star system, therefore there
25 is an electronic record of these.

1 And above the line, the second to last number is the
2 adjusted balance reported to the Controller which is derived
3 with -- by taking the balance minus a reserve for
4 encumbrances, things payable, to arrive at your cash balance.
5 It's kind of like your checkbook.

6 MS. GREENE: Um hum.

7 MR. PATTON: And the next number is the number
8 reported in the Fund Condition Statement document that's part
9 of the budget submittal.

10 MS. GREENE: Um hum.

11 MR. PATTON: So this is the balance reported to the
12 Finance Department in the Fund Condition Statement, and so
13 that below is the -- the positive number is reflective of
14 dollars underreported to Finance as opposed to what was
15 reported to Controller.

16 Now -- and I will just point out with the SPRF fund,
17 particularly for the last six years or so, this document
18 reflects that there has consistently been about twenty million
19 dollars, give or take a million, unreported to Finance as
20 opposed to what the cash balance was reported with the
21 Controller documents.

22 MS. GREENE: Could -- could --

23 MR. PATTON: That -- this is what I've been asking
24 you about up until now. Had you ever heard, in any meeting,
25 about any unreported dollars to Finance regarding the SPRF

1 fund? And you're --

2 MS. GREENE: No.

3 MR. PATTON: -- you're shaking your head no.

4 MS. GREENE: No. No.

5 MR. PATTON: Now, with regard to OHV, instead of a
6 consistent year-by-year underreporting amount, you can see --
7 and you're starting to chuckle -- that the numbers are all
8 over the map. I guess we can go to the most recent. This
9 33,492,000 is basically thirty-three and a half million,
10 reported as being part of the so-called fifty-four million
11 undisclosed dollars. It's the twenty million in SPRF, about
12 twenty and a half plus thirty-three and a half in OHV for a
13 total of fifty-four.

14 The year before, this document represents -- reflects
15 that, in fact, a little over twenty million more was reported
16 to Finance than to the Controller than the actual cash
17 balance, and I would indicate to you that our information
18 suggests that the numbers in the Controller's reports are
19 pretty accurate. This is the cash on hand minus any accounts
20 payable in the pipeline. And the number in the Finance
21 document is what we're looking at as being potentially
22 problematic whether or not it's an accurate number.

23 MS. GREENE: Right.

24 MR. PATTON: And you can see that we've got some
25 significant swings. Some years, like the year ending '08,

1 they're very close. '03 just before you came on, very close.
2 '04 and five, very close, within a million dollars.

3 MS. GREENE: Right. Right.

4 MR. PATTON: But by '06, all of a sudden it's --
5 '06 and seven are reflecting an overreport to Finance of
6 thirty-five and thirty-one million, then very close in '08,
7 five million difference in '09, then an overreport of twenty
8 and a half for '10 and an underreport of thirty-three and a
9 half million for '11. So have you ever seen this?

10 MS. GREENE: No. I mean, I -- no, but part of the --
11 part of I think -- well, two things if I may ask. My
12 understanding now is is that the Controller and Finance are
13 going to be making sure numbers are -- they're coming together
14 looking at numbers in the future, right?

15 MR. PATTON: Yeah, that's been reported, and there's
16 an Assembly Bill that was just signed into law, 1874, that
17 requires a comparison.

18 MS. GREENE: I mean, do any -- the question I have is
19 what I recall is that there's also no consistent time of -- I
20 mean, so Controller can state it this way in February and then
21 Finance could have numbers different. I mean, I'm not sure.

22 MR. PATTON: Well, no, these are -- these --

23 MS. GREENE: Are they both reported at the same time?

24 MR. PATTON: As I understand it, this is supposed to
25 be the closing -- the fiscal year-end closing balance --

1 MS. GREENE: Right.

2 MR. PATTON: -- in the Controller document and that
3 this number is supposed to be derived from that for purposes
4 of setting up the proposed next fiscal year budget.

5 MS. GREENE: So --

6 MR. PATTON: Now, certainly we also understand that
7 there may be adjustments that have to be made in the budget
8 documents because the Fund Condition Statement is -- it takes
9 into account issues other than just the current balance.
10 There is future proposed expenditures.

11 MS. GREENE: Correct. Correct.

12 MR. PATTON: Yeah.

13 MS. GREENE: And I know that early on in 2003, four
14 and five, we had -- there was a project -- this was one of the
15 issues that the auditor had raised was there were a number of
16 acquisitions that had been started prior to my arrival and
17 they were not -- they weren't appropriate and they were going
18 to put, I believed, the OHV Division at risk because the land
19 identified -- in the case of Riverside County, there were
20 contaminants, and it was an old test site, a rocket test site,
21 and so I believe that we couldn't get water without
22 perchlorates. We had been talking to DTSC. There were
23 problems. It was like this is not a good investment of fund
24 dollars.

25 MR. PATTON: So tell me about that Riverside -- the

1 plan. Was money ever earmarked for it?

2 MS. GREENE: Yes.

3 MR. PATTON: How much?

4 MS. GREENE: You're going to make me look.

5 MR. PATTON: Well, give me a ballpark.

6 MS. GREENE: I want to say forty-five million.

7 MR. PATTON: Okay. And about what year was that?

8 MS. GREENE: I think that would have been in '02.

9 MR. PATTON: Was when the plan was first conceived?

10 MS. GREENE: There was -- there had been discussions
11 about trying to create a park in Riverside, and I know that
12 they -- we had gone and toured the site when I was a
13 commissioner and -- and they had appropriated the funds and --

14 MR. PATTON: "They" who had appropriated?

15 MS. GREENE: The funds had been appropriated by the
16 legislature for --

17 MR. PATTON: While you were on the commission?

18 MS. GREENE: Correct.

19 MR. PATTON: So that would have been before '04
20 obviously?

21 MS. GREENE: Correct. Correct.

22 MR. PATTON: So sometime in what, '01 or two?

23 MS. GREENE: '01. I can let you know. You're
24 tapping my memory bank --

25 MR. PATTON: Go ahead. Good.

1 MS. GREENE: -- to some degree here and I apologize.
2 I should probably -- let me just see if it's quickly in here.
3 Yeah, these projects don't appear to be the best use of funds
4 in implementing the program. I can -- it was -- I want to
5 say forty-five million for Riverside, the Deer Creek Hills
6 project --

7 MR. PATTON: Is that the Riverside project or is that
8 a different project?

9 MS. GREENE: No, that's a different project. So --

10 MR. PATTON: Okay. So forty-five million was
11 appropriated -- was, in fact, appropriated --

12 MS. GREENE: That is --

13 MR. PATTON: -- an approximate forty-five million was
14 appropriated by the legislature of OHV funds for the Riverside
15 project?

16 MS. GREENE: Correct. OHV trust funds had been
17 appropriated for us to go forward to purchase land at -- down
18 in Riverside.

19 MR. PATTON: Okay. And that purchase actually never
20 went through?

21 MS. GREENE: That is correct, so the funds reverted.

22 MR. PATTON: Okay. Do you remember when the funds
23 reverted?

24 MS. GREENE: I remember meeting and saying we
25 cannot move forward on this project, so it would have been

1 somewhere -- I think at the same time of the audit. 2005 --

2 MR. PATTON: Okay.

3 MS. GREENE: -- six --

4 MR. PATTON: Okay.

5 MS. GREENE: -- somewhere in there and --

6 MR. PATTON: Okay. See, it's interesting. In fiscal
7 year ending '06, we have a thirty-five million dollar
8 overreport. Thirty-five more million is reported as available
9 in the finance documents than are reported in the Controller's
10 balance at fiscal year ending June 30, '06, so it makes me
11 wonder if forty-five million -- since I've got a thirty-five
12 million dollar discrepancy, it makes me wonder if a forty-five
13 million dollar reversion has been indicated in the budget
14 documents but not yet actually been credited back to the
15 account.

16 MS. GREENE: Which is oftentimes what would happen.
17 There were these massive swings that we would get a call and
18 say there's -- you know, there's virtually no money in your
19 fund, and then the next minute you'd know, there was -- you're
20 way over, and so it was part of the frustration that -- I know
21 that --

22 MR. PATTON: You'd get a call from who saying there
23 was a massive swing?

24 MS. GREENE: The Deputy Director for Admin.

25 MR. PATTON: Okay. At the Parks Department?

1 MS. GREENE: Correct. So we never -- what would
2 happen was is that the governor's budget would go through, and
3 then the funds would get allocated to the OHV Division from
4 the department, and then -- so that was our money that we were
5 responsible for, and we kept that to a T, and those -- that's
6 why I was so shocked by -- by what came out in the press and
7 disheartened and want to try and get to the bottom of it
8 because it was all about accountability and transparency.

9 And so we had put for the first time out to the
10 public this is what our -- you know, this is our funding, this
11 is where it goes, this is how much we use, this is -- I mean,
12 we really sort of were -- it was a commitment that we had to
13 share with the public because it was the public's money and --
14 and I felt a strong need to make sure they knew where their
15 money was.

16 So what would happen was is that then we were
17 accountable for our money. At the end of the year, we'd
18 report back and -- but we never reported to Finance, we never
19 reported to the Controller. There were frustration --

20 MR. PATTON: "We" the OHV Division?

21 MS. GREENE: The OHV Division. My apologies. The
22 OHV Division would -- would not have that reporting
23 capability.

24 MR. PATTON: Your -- the reports ran through Parks --

25 MS. GREENE: Correct.

1 MR. PATTON: -- through Admin Services?

2 MS. GREENE: Correct.

3 MR. PATTON: Okay.

4 MS. GREENE: So --

5 MR. PATTON: Were you made -- were you kept privy to
6 what was being reported before the reports went out?

7 MS. GREENE: No.

8 MR. PATTON: Okay.

9 MS. GREENE: No, and we -- one of the concerns
10 that -- that I know that I had had was that what happens with
11 some of the -- for instance, we have our Grants Program. What
12 happens with some of the grants -- when money reverts back to
13 the fund, we never saw -- we never saw, you know, an
14 accounting of those monies and where they went and to ensure
15 that they were going to the trust fund. We were hoping they
16 were going to the trust fund.

17 Why it is important to me at the time was again in
18 the BSA audit, it highlighted a real problem with the Grants
19 Program, which we moved forward subsequently to change, but
20 these were -- through the auditor these -- and I'm showing you
21 a long list of both grants that had been given out to --
22 through our Grants Program. Again we have changed it
23 completely, but these were audits that had never been
24 completed of funds that had gone out, and so it was --

25 MR. PATTON: Whose audits?

1 MS. GREENE: This was the BSA -- so with -- inside
2 the department -- I'm sorry, the OHV Division, we are
3 responsible for auditing our Grants Program.

4 MR. PATTON: Um hum. They're making grants of OHV
5 trust funds to whom? Local entities?

6 MS. GREENE: So it's both local, cities, counties and
7 also the Bureau of Land Management and the Forest Service.

8 MR. PATTON: No private entities?

9 MS. GREENE: Nonprofits now.

10 MR. PATTON: Okay.

11 MS. GREENE: That changed. Nonprofits, educational
12 institutions. Sometimes people had an issue -- there was some
13 concern that why would we be -- why would monies be going to
14 the feds because typically it goes the other way. When -- you
15 have to look again at the mission of the OHV program, and that
16 was to provide responsible off-highway vehicle recreation
17 throughout California and the protection of resources, and we
18 do that both at the state level at the OHV parks and then
19 through the Grants Program, so it's extremely important that
20 these monies are able to get to those entities but, even more
21 so, that we're tracking them, so again the audit highlighted
22 that these issue (indiscernible) --

23 MR. PATTON: So let me -- just as a general
24 statement, so we don't get too buried down into the weeds --

25 MS. GREENE: Okay.

1 MR. PATTON: -- grant monies are provided to local
2 governments, to the federal because they operate BLM lands,
3 and basically it's to facilitate OHV use of county or BLM
4 lands?

5 MS. GREENE: And resource protection.

6 MR. PATTON: And resource protection.

7 MS. GREENE: Yes, large restoration and law
8 enforcement. Law enforcement is a --

9 MR. PATTON: Okay.

10 MS. GREENE: -- big deal as well.

11 MR. PATTON: Because in order to operate an
12 off-highway vehicle recreation area, you obviously need to do
13 some work on it to prepare it and you need to restore it as
14 it's worn down?

15 MS. GREENE: Right. You need to maintain it,
16 operation, trail maintenance --

17 MR. PATTON: Yeah. Okay.

18 MS. GREENE: -- you need to make sure the facilities
19 are okay, those sort of things.

20 MR. PATTON: So that's what these monies are. So
21 the --

22 MS. GREENE: These monies are those, correct.

23 MR. PATTON: So in some cases, the BLM's giving --
24 you know, providing you some of that land or resources?

25 MS. GREENE: We provide -- we provide them --

1 exactly. So we provide them the funding to maintain the land.

2 MR. PATTON: Okay. All right.

3 MS. GREENE: They may not use all of their grant
4 money.

5 MR. PATTON: Okay.

6 MS. GREENE: When their grant money comes back to the
7 OHV Division --

8 MR. PATTON: Yeah.

9 MS. GREENE: -- we don't have the ability to track
10 that, so I don't know where those monies --

11 MR. PATTON: So suffice it to say, what I'm hearing
12 is that you were not in a position of being able to track --
13 because you're relying on the Parks Admin Services Division,
14 you're not in a position to very -- to track all the monies
15 coming and going and whether or not they've been expended and
16 when they're getting reimbursed, reverting back to the OHV
17 fund?

18 MS. GREENE: I think that the way -- perhaps I was a
19 little naive, but I know that oftentimes I've been accused of
20 being too passionate because I was passionate about wanting to
21 make sure we had that transparency. That was part of our
22 strategic plan. So I would ask and this was -- I mean --

23 MR. PATTON: You would ask who?

24 MS. GREENE: I would -- there was -- when -- when the
25 three million dollars which was going to pay for rangers on

1 Angel Island, so the audit highlighted --

2 MR. PATTON: Three million of OHV dollars?

3 MS. GREENE: So -- yes, so OHV audit highlighted the
4 fact --

5 MR. PATTON: This 2005 audit?

6 MS. GREENE: Correct. -- that 3.6 million was going
7 to non-OHV-related items and that also we were -- and this is
8 appropriate.

9 MR. PATTON: Did this audit conclude that that was
10 improper?

11 MS. GREENE: Yes.

12 MR. PATTON: Okay.

13 MS. GREENE: Absolutely.

14 MR. PATTON: So you wanted better ability to track --
15 you wanted more information --

16 MS. GREENE: Absolutely.

17 MR. PATTON: -- in your position as the Deputy
18 Director in charge of OHV?

19 MS. GREENE: Correct.

20 MR. PATTON: Okay.

21 MS. GREENE: But remember at the time that I wanted
22 more information, we started having problems with parks
23 because the budget cuts started then to affect, so you had OHV
24 trying to get information and -- I'm getting ahead of myself.
25 So that's 2005. We need to move to 2007 and 2008.

1 MR. PATTON: Let's do it.

2 MS. GREENE: So as we started to implement all the
3 changes and the recommendations of the audit, one of the
4 things was looking at these grants to make sure that monies
5 came back in, and the reason I just highlight this is that we
6 have been successful in getting approximately two million
7 dollars back from the Bureau of Land Management.

8 MR. PATTON: Okay.

9 MS. GREENE: And -- and so that was important for --
10 for us as well as L.A. County and a number of other entities.

11 MR. PATTON: So your ability to -- so the tracking
12 and reclaiming of unexpended grant funds improved?

13 MS. GREENE: It did on our end. The problem is is
14 that I don't know where this two million dollars goes. It
15 doesn't -- doesn't come back to the OHV Trust Fund.

16 MR. PATTON: And you know that for a fact?

17 MS. GREENE: I don't know for a fact.

18 MR. PATTON: You don't know for a fact. You're not
19 sure whether it got -- whether it reverted to the OHV fund or
20 not?

21 MS. GREENE: Correct. Correct.

22 MR. PATTON: And it's because you're just not in the
23 position over at OHV of being able to see the activity in
24 these accounts?

25 MS. GREENE: I think that we need to do -- I think

1 the department needs to do a better job of making sure that
2 OHV Division is incorporated into the tracking of those -- of
3 our account from start to finish.

4 MR. PATTON: So is it that you -- somebody else is --
5 Administrative Services at Parks is presumably doing that
6 tracking? And you're nodding your head yes?

7 MS. GREENE: I am. I'm sorry. I am nodding my head
8 yes.

9 MR. PATTON: And are they not sharing that? Are they
10 not giving you detailed reports to show what they've tracked?

11 MS. GREENE: We did get a detailed report at one
12 point in time, so we give approximately -- I say we. I'm
13 sorry. The division trust fund, approximately twelve million
14 dollars goes away from our operating costs and goes to state
15 government both for pro rata --

16 MR. PATTON: I've seen that.

17 MS. GREENE: -- okay, as well as then to help fund
18 the department in areas of legal services and admin services
19 and --

20 MR. PATTON: Oh, I -- and Mr. Jensen yesterday gave
21 us that chart, and it's basically -- that indicates that a
22 percentage of -- a portion of monies are being retained at the
23 department level which -- the argument being that to help
24 finance some of the administrative services that are being
25 provided.

1 MS. GREENE: Correct. Understandable and --

2 MR. PATTON: And one can debate that, whether that's
3 appropriate. What I'm trying to drive at is --

4 MS. GREENE: There was not a regular accounting of
5 those funds. I think that's important.

6 MR. PATTON: I'm trying to drive at OHV management's
7 ability to see the state of their own finances.

8 MS. GREENE: It is not -- it could be more
9 transparent.

10 MR. PATTON: Transparent to OHV?

11 MS. GREENE: Transparent certainly to the Deputy
12 Director and the Chief of the OHV Division.

13 MR. PATTON: Okay. So back to Admin Services at
14 Parks is presumably doing this tracking of dollars. Is that
15 information sufficiently available to OHV management? If not,
16 why not? What's the problem?

17 MS. GREENE: Well, I don't know that I can say why
18 not since I'm not the Admin Services person --

19 MR. PATTON: Well, during your time.

20 MS. GREENE: -- but I think -- I think again that --
21 I can't -- I'm only stumbling here because we try to track it.
22 I believe it should be tracked better. I think there are --

23 MR. PATTON: Okay.

24 MS. GREENE: It needs to be tracked better.

25 MR. PATTON: Okay. So --

1 MS. GREENE: So for instance, I'm going to --

2 MR. PATTON: Okay. Wait, wait, wait, wait. Wait.
3 It's not that you're not able to get access to what Admin
4 Services has in terms of their tracking of OHV dollars, it's
5 that you've got some questions -- some confidence issues about
6 whether or not they're adequately tracking it?

7 MS. GREENE: Both.

8 MR. PATTON: Both.

9 MS. GREENE: Both. Both.

10 MR. PATTON: Your access and questions about their
11 adequacy in doing it?

12 MS. GREENE: Correct. There was -- so the practice
13 of taking OHV trust funds in the three million -- 3.6 million
14 stopped in '04-'05 when it was highlighted in the audit.

15 MR. PATTON: Okay.

16 MS. GREENE: And last year in November, there was
17 concern that was brought forth by Phil Jenkins, the chief of
18 the division, that there seemed to -- a possibility existed
19 that three million dollars which we had put forth into a
20 contingency fund, so each year we put three million dollars
21 into a contingency fund, so I guess if enough -- we can't --
22 the -- that would go to Admin Services.

23 And so if there was not enough money in the account,
24 you'd have this contingency fund in order to pay bills or that
25 was what was stated, so the concern that was raised and we

1 started inquiring about at the time was at the end of the
2 year, where does that three million go? Does it go back to
3 the trust fund? And it would appear that there are some
4 tracking issues about that money.

5 MR. PATTON: Let's go to the issue you mentioned when
6 you and I were speaking on the phone arranging for your
7 interview. You indicated that you were -- you had made an
8 effort -- you wanted -- you were proposing that OHV be given
9 more authority to track their own dollars -- to track these
10 OHV dollars?

11 MS. GREENE: Correct. One of the things --

12 MR. PATTON: And that apparently became a point of
13 contention?

14 MS. GREENE: It did become a point of contention, and
15 so I think what you're referencing is -- and I'm just going to
16 go back for a second to move forward if that's okay. The BSA
17 audit completed in 2005. One of the things it indicated was
18 that there wasn't a shared vision with the commission and the
19 division. They needed to get a shared vision and develop a
20 strategic plan.

21 So as we were developing that strategic plan, one of
22 the things that was very important was how does funding go to
23 state parks for support services, and it's a concern that was
24 raised by the public, it's a concern that was raised by the
25 commission.

1 MR. PATTON: Now, does funding from OHV go to state
2 parks --

3 MS. GREENE: Correct. So --

4 MR. PATTON: -- for support services?

5 MS. GREENE: Correct. So you're -- as you indicated
6 earlier, legal services --

7 MR. PATTON: Got it.

8 MS. GREENE: -- admin, those sort of things. The
9 concern at the time was that -- so remember 2007 -- in 2008,
10 because of Senate Bill 742 that had been passed, the OHV
11 community agreed to double their registration fees, so we were
12 going to be getting more money into the account. We were
13 doing -- at that point we had done a BCP, a Budget Change
14 Proposal. The Department of Finance had approved for us to
15 hire 165 some positions. So we had an enormous growth spurt
16 at the same time that Parks started recognizing that general
17 fund dollars were being cut and there was some discussion
18 about closure.

19 MR. PATTON: This is what years?

20 MS. GREENE: That would have been '07 -- it would
21 have been seven, eight, nine, so right in there.

22 MR. PATTON: Okay.

23 MS. GREENE: So as you look at the communities of
24 interest who pay into the OHV Trust Fund, again they were used
25 to some account -- they wanted accountability, they wanted to

1 know where the money goes, and part of our strategic plan that
2 we created was transparency in order to regain the trust of
3 communities of interest (indiscernible).

4 MR. PATTON: Transparency. That's such a vague term.
5 I mean, that just tells me I can see through something.
6 Specifically the proposal was to allow the OHV Division to
7 track the OHV dollars?

8 MS. GREENE: That's what we had put in there, that we
9 would have -- we would actually take some of the support that
10 we were paying over to the department for their services to
11 then have staff do, because we were hiring new staff --

12 MR. PATTON: Okay.

13 MS. GREENE: -- that we would perform those services
14 in the division.

15 MR. PATTON: You'd start handling more of your own
16 administrative services functions?

17 MS. GREENE: Absolutely. Right.

18 MR. PATTON: Okay. And retain more of the dollars
19 that Parks was retaining for doing that?

20 MS. GREENE: Correct.

21 MR. PATTON: Okay.

22 MS. GREENE: And I think part of it was also to try
23 and help because as you're dealing with furloughs and all the
24 different things and we're expanding, we're trying to hire
25 people --

1 MR. PATTON: Yeah.

2 MS. GREENE: -- and you just can't get things done
3 and it was hard to get contracts executed, and the timing of
4 it was problematic, and for the division, we have a large
5 environmental program and we have specific time lines.

6 MR. PATTON: Okay. So this proposal was floated
7 when? Was this part of a strategic plan?

8 MS. GREENE: This is part of our strategic plan, so
9 that was --

10 MR. PATTON: Which is dated '09?

11 MS. GREENE: It was dated '09. Came out late in '09.

12 MR. PATTON: This was approved by the commission?

13 MS. GREENE: This was approved by the commission.

14 Over a period of a year and a half, we had gone out throughout
15 the state and everybody had seen it --

16 MR. PATTON: Okay.

17 MS. GREENE: -- we had numerous drafts.

18 MR. PATTON: And by some time in '09, you're
19 producing a glossy folder strategic plan?

20 MS. GREENE: Correct. So --

21 MR. PATTON: What happens with it? You got the
22 proposal to have OHV handle their own admin -- a larger part
23 of their admin services in there?

24 MS. GREENE: Correct.

25 MR. PATTON: Okay.

1 MS. GREENE: So there was some concern -- so it had
2 been approved by the commission, and it needed to go forward
3 and be approved by Finance and the governor's office.

4 MR. PATTON: Okay.

5 MS. GREENE: And so there had -- and part of this is
6 for us to make sure sort of the integrity of accounting. I
7 think it's important.

8 MR. PATTON: Yeah, I understand that.

9 MS. GREENE: So when you say transparency, I --

10 MR. PATTON: Well, that's --

11 MS. GREENE: It's not a wiggle loop.

12 MR. PATTON: Yeah.

13 MS. GREENE: For us it was very clear.

14 MR. PATTON: Yeah. Yeah.

15 MS. GREENE: I want to know, you know, how can we
16 help and how -- where are our funds going.

17 MR. PATTON: Yeah.

18 MS. GREENE: So I did receive a call from the
19 Director -- the Deputy Director of Admin Services saying that
20 there was some real concern about us doing that.

21 MR. PATTON: That would have been who?

22 MS. GREENE: Manuel Lopez.

23 MR. PATTON: Okay.

24 MS. GREENE: And -- and I said -- we had a
25 conversation about it and I --

1 MR. PATTON: This is in 2009?

2 MS. GREENE: This is in 2009, correct.

3 MR. PATTON: Okay.

4 MS. GREENE: And so I said Manuel, we need to be able
5 to track this and have better access to it.

6 MR. PATTON: So this strategic plan has been
7 published, and then Manuel Lopez says he's got some problems
8 with this?

9 MS. GREENE: Has not been published yet.

10 MR. PATTON: Has not?

11 MS. GREENE: No.

12 MR. PATTON: It's in its draft form?

13 MS. GREENE: This was our final -- this is -- this
14 was our draft that we were putting forth to --

15 MR. PATTON: Okay.

16 MS. GREENE: -- for approval by the Director --

17 MR. PATTON: Got it.

18 MS. GREENE: -- and approval by Department of
19 Finance.

20 MR. PATTON: Is that what I'm holding in my hands is
21 a draft or is this the final issued report?

22 MS. GREENE: That is -- that is the final issued
23 report.

24 MR. PATTON: All right. So you've submitted a draft.
25 What happened?

1 MS. GREENE: Correct.

2 MR. PATTON: You got a call from Manuel Lopez?

3 MS. GREENE: So I got a calling from Manuel saying I
4 have some concerns about it and -- and then --

5 MR. PATTON: What was he concerned about?

6 MS. GREENE: He was concerned -- and on one hand, I
7 can understand it. He was concerned that we would be
8 duplicating the efforts of his shop and that for efficiency in
9 government, it was not the smartest move.

10 MR. PATTON: For you to take over -- for OHV to take
11 over more of its own financial tracking and admin services
12 functions?

13 MS. GREENE: Correct.

14 MR. PATTON: Okay. Am I going to find that
15 suggestion in this strategic plan or did it get removed?

16 MS. GREENE: No. So right here, this is the final
17 language that came out.

18 MR. PATTON: Got it. Yeah. Yeah.

19 MS. GREENE: To ensure appropriate use of the trust
20 funds and to meet the priorities of the program, the division
21 will develop a better tracking system.

22 MR. PATTON: The Division -- the OHV Division will
23 develop better tracking systems to monitor expenditures.

24 MS. GREENE: Right. So that's --

25 MR. PATTON: That's all it said. Okay.

1 MS. GREENE: It's different than the language which
2 had originally been we will perform the services.

3 MR. PATTON: Okay. So you -- the original draft of
4 the strategic plan was to have OHV Division perform on its own
5 that tracking?

6 MS. GREENE: Correct.

7 MR. PATTON: Okay. And now it gets toned down to
8 you -- the division will develop tracking systems?

9 MS. GREENE: Correct.

10 MR. PATTON: Does -- am I to understand that that
11 would result then in a parallel tracking system with Admin
12 Services at Parks still doing -- still being responsible for
13 tracking but with OHV creating a dual tracking program?

14 MS. GREENE: I think that would be the ideal
15 situation, that it would be again transparent between Admin
16 Services and -- and the OHV Division.

17 MR. PATTON: Okay.

18 MS. GREENE: And that -- again -- and I can
19 understand -- it was followed by -- so Manuel and I pushed
20 back and forth, and then it was followed by a phone call from
21 the Director and she said the language needs to change.

22 MR. PATTON: Okay.

23 MS. GREENE: So I understand on one hand why it
24 needed to change, I mean, why there might be some concern
25 about the division performing those functions --

1 MR. PATTON: Okay.

2 MS. GREENE: -- but again I do think that there
3 certainly needs to be better transparency.

4 MR. PATTON: Okay. So a compromise was reached of
5 sorts. You didn't -- OHV did not maybe take on and recommend
6 that it take on quite the level of admin services on its own,
7 but certainly the report mentions developing some -- what I
8 understand to be essentially some dual tracking systems at
9 this point?

10 MS. GREENE: Correct.

11 MR. PATTON: Now, let's get back to numbers. You
12 indicated -- I'm curious if these overreports for '06 and '07,
13 thirty-five million more reported to Finance and Controller
14 and thirty-one million more reported to Finance in '07. Are
15 these numbers that you're seeing for the first time or were
16 you ever privy -- in reviewing financial data, were you ever
17 privy to the fact that there was some disparities in
18 Controller versus Finance reports for OHV?

19 MS. GREENE: We had known it at some point, and I
20 don't remember what -- there was always some discussion about
21 there being disparity because the frustration that we had of
22 not knowing -- which number do you believe.

23 MR. PATTON: Who -- okay. Who prepares the budget
24 documents, the finance -- Department of Finance reports for
25 the OHV budget?

1 MS. GREENE: Our admin manager prepares them and
2 sends them over to the department --

3 MR. PATTON: And who is that? Who is our admin
4 manager?

5 MS. GREENE: I'm sorry. At the time it's -- and she
6 still is there. Maria Mowery.

7 MR. PATTON: Okay. Maria Mallory.

8 MS. GREENE: Mowery.

9 MR. PATTON: Mowery?

10 MS. GREENE: Yeah. M-O-W-E-R-Y. So she along with
11 Phil Jenkins would review them, and I would look and we would
12 send them over. Primarily it was Phil and Maria.

13 MR. PATTON: And then going through you sends over to
14 Parks Admin Services --

15 MS. GREENE: Correct.

16 MR. PATTON: -- finance documents. And when did you
17 have a concern that there were some discrepancies in the
18 reports the Controller was giving versus the reports -- the
19 budget reports Finance is getting?

20 MS. GREENE: Particularly I think my greatest
21 frustration was in one day within a period of about two hours,
22 we went from believing that we were going into debt, we had
23 no -- zero money to all of a sudden I remember it was
24 somewhere around seventy million dollars that we didn't
25 anticipate we were going to have.

1 MR. PATTON: When was that? What year?

2 MS. GREENE: 2010-'11.

3 MR. PATTON: So sometime in '10 or '11, in one day in
4 the course of a couple hours, you experienced a seventy
5 million dollar plus swing in your budget status?

6 MS. GREENE: Correct.

7 MR. PATTON: Who tells you that?

8 MS. GREENE: That was Deputy Director of Admin,
9 Manuel.

10 MR. PATTON: Okay. And did he have an explanation
11 for why?

12 MS. GREENE: Just his -- he was frustrated as well
13 between Finance and the Controller.

14 MR. PATTON: Okay. He had no other explanation for
15 what -- did you ever learn why there was such a disconnect?

16 MS. GREENE: No, but it always was disconcerting
17 because it makes --

18 MR. PATTON: Well, certainly. Did you ever --

19 MS. GREENE: -- it makes you wonder what -- what
20 numbers -- what numbers are you getting.

21 MR. PATTON: Well, it makes me wonder if somebody's
22 found the plus and the minus sign on the calculator. Did you
23 ever figure out -- did you ever learn any more about why in
24 that famous day, that two hours, there was a seventy million
25 dollar swing in the OHV balance?

1 MS. GREENE: No, and -- and --

2 MR. PATTON: Did Manny?

3 MS. GREENE: I don't -- I recall a conversation of
4 just saying Manuel, this is ridiculous and why -- this is
5 not -- this cannot be this difficult to track, there is
6 absolutely no reason that we can't know. Now, I know that
7 it's sort of like having your own checkbook and whether or not
8 you keep a very straight ledger or who's (indiscernible)
9 reporting or when might some -- let's say the BLM money or the
10 Forest Service money or any of those sort of things come and
11 tap out like that.

12 MR. PATTON: I always find it very disconcerting when
13 seventy million dollars mysteriously appears in my checking
14 account.

15 MS. GREENE: Well, it's never occurred in mine.

16 MR. PATTON: Well -- and I'm -- what I want to know
17 is was there ever any resolution that you can recall to why
18 this was occurring? Or why that particular seventy million
19 dollar swing occurred.

20 MS. GREENE: I -- I don't recall. I have to say --

21 MR. PATTON: I mean, what's going on here that causes
22 this?

23 MS. GREENE: I mean -- well, and part of it is I
24 remember in '08 when a ninety million dollar loan was taken
25 that -- that I didn't find out about it from our own

1 department and --

2 MR. PATTON: Okay.

3 MS. GREENE: -- and so that was again disconcerting
4 of I'm the Deputy Director --

5 MR. PATTON: Of course, that's going to result in a
6 ninety -- minus ninety million dollar balance swing. You just
7 described a plus seventy million dollar balance swing.

8 MS. GREENE: Now, that could have been -- let me --
9 let me back up because if it was 2011, that may have been --
10 I'm just -- I'm trying to think on the excise -- there was the
11 issue with the gas tax and the excise tax versus the sales
12 tax --

13 MR. PATTON: Right. Right.

14 MS. GREENE: -- and so that could have been suddenly
15 a large influx coming into the fund from the gas tax --

16 MR. PATTON: Yeah.

17 MS. GREENE: -- that suddenly went -- went to our
18 fund --

19 MR. PATTON: Right.

20 MS. GREENE: -- and was not something that was
21 appropriate.

22 MR. PATTON: Right. We heard about that. We've
23 heard about that. I guess suffice it to say the bottom line
24 is that on any given day over where you were sitting at OHV,
25 someone could come to you with the news that there's been tens

1 of millions, fifty, seventy million credited to or ninety
2 million taken from OHV, you just never knew?

3 MS. GREENE: And it was extremely frustrating.

4 MR. PATTON: Okay.

5 MS. GREENE: And I -- again that was --

6 MR. PATTON: Now, you indicated that Maria Mowery
7 reporting to Jenkins and then reporting to you a fund -- the
8 budget documents would annually be prepared and she would work
9 on I guess a Fund Condition Statement.

10 MS. GREENE: Absolutely.

11 MR. PATTON: I guess I'm getting --

12 MS. GREENE: And she was the one -- if I may, she was
13 the one who brought to us the three million contingency that
14 wasn't coming back to -- her concerns about not coming back to
15 the fund.

16 MR. PATTON: All right. One of the funding issues --
17 I'm sort of hearing that in any given Fund Condition
18 Statement, it's hard to know how long the balance that you're
19 putting in there might be reliable. Anything can happen, it
20 sounds like, at any time.

21 MS. GREENE: I know the numbers that we have were
22 always reliable. I think that the concern is what happens and
23 how do they get reported to Finance and the Controller, and
24 clearly this has brought out the issue that there needs to be
25 better inclusion of the OHV Division in terms of

1 (indiscernible).

2 MR. PATTON: Maybe I'm speaking too generally. Why
3 do you know that the numbers going in the Fund Condition
4 Statement are reliable? Are you saying that you're confident
5 that she was drawing from the balance as reported with the
6 Controller? What gives you the impression that they're
7 reliable?

8 MS. GREENE: Well, the only -- we are always going
9 to work off the governor's budget initially when it -- you
10 know, our appropriation comes to us, and so -- I mean, our
11 allocation, so we know what the starting point is, right?
12 And -- and so then Manuel would say here is your allocation.
13 I think the concern is the monies that were retained by the
14 department --

15 MR. PATTON: Okay.

16 MS. GREENE: -- and how do those -- where do those
17 go, how are they spent.

18 MR. PATTON: We've talked about that. An additional
19 concern appears to be that someone might come in at any time
20 and just take -- a sizable loan would be made or a cash
21 infusion would occur.

22 MS. GREENE: I don't think on a regular -- well, I
23 can't say on a regular basis there would be a cash infusion.
24 That --

25 MR. PATTON: All right.

1 MS. GREENE: Yeah, that --

2 MR. PATTON: The seventy million was -- that was a
3 one-time experience?

4 MS. GREENE: It was a -- yeah, it was a one-time
5 experience.

6 MR. PATTON: Okay. Let's talk about some other major
7 expenditures. You mentioned a forty -- what you recall as
8 being approximately a forty-five million dollar project in
9 Riverside that an appropriation was made for, an expenditure
10 didn't occur, monies got reverted, and you think that
11 reversion might have come I think you said around '06?

12 MS. GREENE: Yes.

13 MR. PATTON: Any other big expenditures during your
14 tenure?

15 MS. GREENE: We had the -- there was twenty-two
16 million dollars that -- or ten million that had been
17 appropriated for at the time a -- an acquisition down in Kern
18 County.

19 MR. PATTON: When was that?

20 MS. GREENE: Again that would have been in -- I think
21 in '03 is when --

22 MR. PATTON: There was an appropriation around '03
23 for that?

24 MS. GREENE: There was an appropriation in '03.

25 MR. PATTON: And was that another purchase that

1 didn't go through?

2 MS. GREENE: That is correct. That --

3 MR. PATTON: Best guess as to whether and when those
4 dollars reverted back to the account? Or were they ever taken
5 out of the account?

6 MS. GREENE: Yeah, they were never -- we didn't move
7 forward on that project either (indiscernible).

8 MR. PATTON: So what happened is that you've got an
9 appropriation. Is what happened is that having been given the
10 appropriation, you might show it on finance documents as an
11 expenditure to occur?

12 MS. GREENE: Correct, and then it comes back, so it
13 would come back into the trust fund eventually.

14 MR. PATTON: Well, the money never leaves your
15 account balance, so it doesn't change in the reports -- the
16 fund account balance reports of the Controller that the
17 expenditure, in fact, never occurs.

18 MS. GREENE: Not with the Controller but --

19 MR. PATTON: What I want to know is this: You're
20 going to reflect it on finance documents as an expenditure in
21 the pipeline. Is that something you might then, for the
22 upcoming year when you're preparing budget documents, reflect
23 it as -- are you going to reduce the balance to be reported
24 based on it's a future encumbrance, and then when you find out
25 it doesn't happen, you're going to have to adjust then --

1 you're nodding your head yes.

2 MS. GREENE: You're always going to have to keep
3 that -- an eye on that because --

4 MR. PATTON: And it may span more than one budget
5 cycle?

6 MS. GREENE: Correct.

7 MR. PATTON: Okay. So this can affect your reports
8 to the budget department?

9 MS. GREENE: Correct.

10 MR. PATTON: And that could help explain while you
11 can draw --

12 MS. GREENE: The wild swings?

13 MR. PATTON: Well, yeah. Yeah. What other big
14 expenditures during your tenure?

15 MS. GREENE: That was the problem. Because the fund
16 kept adding up and we weren't allowed to spend, we had a
17 number of large expenditures that we wanted to do but that we
18 weren't ever able to do.

19 MR. PATTON: Some big loans?

20 MS. GREENE: We have a lot of big loans.

21 MR. PATTON: How many?

22 MS. GREENE: '08-'09, ninety million.

23 MR. PATTON: '08 and nine, ninety million.

24 MS. GREENE: '09-'10, twenty-two million.

25 MR. PATTON: Okay.

1 MS. GREENE: '10-'11, I think twenty-one million.

2 MR. PATTON: Okay.

3 MS. GREENE: And then '11-'12, there was a permanent
4 take of ten million so -- and then this year, I wasn't there,
5 but I believe again there was monies that were loaned both to
6 I think the department as well as --

7 MR. PATTON: Okay.

8 MS. GREENE: Yeah. And I know the -- I know our
9 Grants -- our Grants Program has been severely hit.

10 MR. PATTON: Any of these loans been repaid to your
11 recollection? Any monies go back into the OHV in repayment of
12 these loans?

13 MS. GREENE: No.

14 MR. PATTON: A partial repayment?

15 MS. GREENE: No. I'm going to just make you aware
16 of -- this is a document -- a program report that we did
17 for --

18 MR. PATTON: 2011 program report?

19 MS. GREENE: Correct.

20 MR. PATTON: Okay.

21 MS. GREENE: And so this highlights all of our --
22 this highlights the entire program, and it really is --
23 every -- we do it every two years.

24 MR. PATTON: Okay. What I want to know is if any of
25 the --

1 MS. GREENE: So here we just --

2 MR. PATTON: You just told me about 133 million in
3 loans.

4 MS. GREENE: I'm going to give you a good -- a
5 good -- good little diagram here, a graph that will --

6 MR. PATTON: I see 160 million in total reported
7 loans in this.

8 MS. GREENE: That has ever been from the Off-Highway
9 Vehicle Trust Fund.

10 MR. PATTON: Okay.

11 MS. GREENE: So that is where -- and you can see this
12 was monies that have been transferred to the State Park & Rec
13 Fund.

14 MR. PATTON: Yeah, I see where it's going to.

15 MS. GREENE: So --

16 MR. PATTON: SPRF repayment, transfers to SPRF.

17 MS. GREENE: So --

18 MR. PATTON: DFG repayment, three million.

19 MS. GREENE: And they repaid -- yeah, Fish & Game.

20 MR. PATTON: Well, these -- the -- in green are
21 repayments to you?

22 MS. GREENE: Correct. So it's sort of -- there's a
23 green, yellow, red theme here, but the green is, yes, they
24 borrowed, they returned, they --

25 MR. PATTON: So the only return to OHV I see is three

1 million from Fish & Game.

2 MS. GREENE: Correct.

3 MR. PATTON: Of the 160 million in loans. Okay. So
4 you've got a bunch of loans going out you haven't had
5 repayments in --

6 MS. GREENE: Correct.

7 MR. PATTON: -- right?

8 MS. GREENE: Correct.

9 MR. PATTON: Okay.

10 MS. GREENE: OHV community sued in 1993 or four.

11 MR. PATTON: Yeah.

12 MS. GREENE: And that said at the time that the --

13 MR. PATTON: But that's well before the 133 million
14 in loans that you just told me about in '09, '10 and '11.

15 MS. GREENE: Correct. You'll see there were some --
16 this includes -- so this was the '11 report, so this includes
17 the ninety million, the -- and the twenty-two million.

18 MR. PATTON: Okay.

19 MS. GREENE: Yeah, there's the ninety and the
20 twenty-two so --

21 MR. PATTON: Got it. They sued in '92 you said?

22 MS. GREENE: I believe they sued in '93.

23 MR. PATTON: To do what?

24 MS. GREENE: To get the money back into the trust
25 fund.

1 MR. PATTON: Money had already been loaned out at
2 that point?

3 MS. GREENE: Correct. So this is the history of the
4 grants. Money has been --

5 MR. PATTON: And did any money get sent back?

6 MS. GREENE: No, the -- it was stated, I believe,
7 that at the time where the OHV Trust Fund shows a zero
8 balance, then money will have to be repaid.

9 MR. PATTON: I see here this says in the mid '90s,
10 members of the OHV community sued for reimbursement of over
11 fifty million that had been transferred from OHV to general
12 fund.

13 MS. GREENE: So that's why I think it's important,
14 and that's why I just will say that to get to the bottom of it
15 and get clarity on this is really important because --

16 MR. PATTON: Clarity on?

17 MS. GREENE: -- the community -- clarity on the
18 tracking of the money.

19 MR. PATTON: All right. Well, my charge is to figure
20 out if, in fact, there are undisclosed monies in OHV. I
21 understand your ongoing concern with tracking and the
22 propriety of the use of OHV funds. I'm really keyed on one
23 particular issue in are there any monies undisclosed.

24 So I'm trying to figure out what are the various
25 cause -- are the factors that can cause these numbers to go

1 off, and you've given us some things to go on, and I think at
2 the end of the day, it's going to be for the Finance
3 Department and State Bureau of Audits and whoever else is
4 auditing these to go back and look at how it is that Fund
5 Condition Statements from OHV and going -- then those Fund
6 Condition Statements I assume -- you say they'd get worked up
7 by Maria Mowery, they'd go through Phil Jenkins, your chief,
8 and then through you, and then I assume they go to Parks
9 Department Admin Services --

10 MS. GREENE: Right.

11 MR. PATTON: -- to be made part of the entire budget
12 submissions?

13 MS. GREENE: Correct.

14 MR. PATTON: Now, is it possible that over at Admin
15 Services, additional work would be done on an OHV Fund
16 Condition Statement?

17 MS. GREENE: I have no idea.

18 MR. PATTON: Okay. Did you ever look -- did anybody
19 at OHV ever look at what they had worked up as the Fund
20 Condition Statement and compare it to what ultimately got
21 submitted to Finance?

22 MS. GREENE: No, we didn't.

23 MR. PATTON: Okay.

24 MS. GREENE: Probably it would have been a good
25 thing. It also -- there was --

1 MR. PATTON: To your knowledge, no one at OHV has
2 gone back and done that to see if what -- what each year you
3 had worked up over at the division?

4 MS. GREENE: No, but I've been gone for nine months.

5 MR. PATTON: Okay. All right.

6 MS. GREENE: And I think it's also -- I think the
7 culture was pretty silo'd, so it's -- sometimes you'd try and
8 push, but it wasn't always well received.

9 MR. PATTON: The culture was silo'd. What's --
10 that's a unique term to me. I've heard Aaron Robertson, the
11 new Admin Services Director, use that, that the department
12 operates in -- with a system of silos, and you just used the
13 same phrase, silo'd. Where does that come from? What does
14 that mean? Is that common parlance that I'm just ignorant of?

15 MS. GREENE: No, I think it's probably talked about
16 out of frustration, that we are one parks department, we have
17 many different programs. All of them should be celebrated, I
18 believe, and it's important to support all of them.

19 And -- and so I think when you start Office of
20 Historic Preservation over here or, you know, OHV over here
21 and you're not bringing people together -- oftentimes, you
22 know, we would not be included on many e-mails, we would --
23 you know, you were counting on the outside world to let you
24 know what was going on inside.

25 That's -- I think that's an area where the silo comes

1 in because you really are isolated, and we need to -- we need
2 to all work together to be a team, and people were working
3 really hard on the ground and that needs to be celebrated.

4 MR. PATTON: Okay. Anything more that you can -- you
5 want to add to -- that might help us understand why there has
6 been these various disconnects between the accounting, the
7 Controller budget reports and the finance documents, the Fund
8 Condition Reports?

9 MS. GREENE: Not off the top of my head, but if
10 there's anything I think of, can I get back to you?

11 MR. PATTON: Sure.

12 MS. GREENE: Is that all right?

13 MR. PATTON: Yeah.

14 MS. GREENE: Okay.

15 MR. PATTON: I think that pretty well covers it. You
16 have anything else you want to add to this interview?

17 MS. GREENE: I don't think so. I just hope we --
18 thank you for the efforts. This is really -- I mean, the
19 whole issue of closure of parks and celebrating parks and --
20 we need to figure this out. We need to fix it and have a plan
21 for the future, I know we do, but we need to do it for the
22 department as well.

23 MR. PATTON: Okay. Thanks, Daphne. Go off the
24 record at 12:14.

25 (Off the record at 12:14 PM)

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TRANSCRIBER'S CERTIFICATE

Daphne Greene interview on 9-27-12

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) ss.
COUNTY OF SACRAMENTO)

 This is to certify that I transcribed the foregoing
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