

# California prosecutors launch criminal inquiry into parks 'hidden funds'

By Kevin Yamamura, Sacramento Bee

The state attorney general's office has launched a criminal investigation of California parks officials after the "hidden funds" case seemingly reached a dead end when state and local prosecutors did not pursue charges last month.

Peter Southworth, a supervising deputy at the attorney general's office, disclosed to a joint legislative committee Wednesday the matter is "still under criminal review in my office." He did not specify how long the inquiry would take.



Vikingsholm at Emerald Bay State Park at Lake Tahoe.  
Photo/LTN file

Three state agencies have found that California Department of Parks and Recreation officials hid funds for at least 13 years from state lawmakers and the Department of Finance. The Bee reported last year the parks department had cloaked a surplus beyond \$20 million while Gov. Jerry Brown and lawmakers threatened to close 70 parks.

The revelations resulted in the resignation of state parks

director Ruth Coleman and other disciplinary actions in the department last year.

Attorney General Kamala Harris' office conducted a review that found "conscious and deliberate" acts to hide state parks fee revenue. It then transferred the file to Sacramento County District Attorney Jan Scully for review.

But the state office did not send the most damaging interview transcripts because it questioned employees using administrative, rather than criminal, procedures. The state office also did not identify who was to blame nor which laws were potentially broken.

Scully last month questioned why Harris had sent the case to her, saying that the attorney general's office has "historic authority in the prosecution ... of such cases." The criminal pursuit was believed to be over at that point.

But Lynda Gledhill, spokeswoman for Harris, said her office decided to open a criminal investigation shortly after Scully declined to pursue charges, unbeknown to most until Southworth's legislative testimony.

One curiosity in the state parks controversy is why department officials hid millions of dollars when they needed the Legislature's approval to spend the funds.

State Auditor Elaine Howle in hearings this week referred to the hidden surplus as a "useless reserve" because parks officials in theory couldn't spend the money without telling lawmakers of its existence. But that left some lawmakers unsatisfied.

"I can't get my head around the nature of this," said Assemblyman Bob Blumenfield, D-Woodland Hills, chairman of the Assembly Budget Committee, asking later Wednesday whether "sheer stupidity" was to blame. If officials couldn't spend the money, Blumenfield wondered, what was their motive for

willfully hiding the funds?

Howle acknowledged that after writing her 60-page audit last week, she and her colleagues were also scratching their heads.

But Howle later offered a credible, albeit complicated, hypothesis: The Legislature authorizes the parks department to spend a certain amount of self-generated fee revenue each year.

If the parks department had a down year for fee collection – say, receiving \$15 million instead of \$20 million that the Legislature projected – it's possible the department could have tapped \$5 million out of the hidden funds. The Legislature would have already given its approval for \$20 million, so the department could spend the hidden \$5 million rather than face cuts.

Howle said her office plans to further explore this possibility in the coming months.