

Bill Richardson

Bill Richardson (D-NM) was elected governor of New Mexico in 2002 and reelected in 2006. Under the state's term limits law, he cannot run for reelection in 2010.

Gov. Richardson:

- Allowed political allies to benefit from firms connected to state investments
- Allowed pay-to-play scandals to plague his administration
- Rewarded close associates with state positions or benefits, including providing a longtime friend and political supporter with a costly state contract
- Fell short on efforts to make state government more transparent

CHARGE ONE: THIRD-PARTY INVESTMENTS

Political insiders and donors to Gov. Richardson have collected third-party fees from firms chosen by the state to manage alternative assets, such as real estate and hedge funds.¹ The son of an administrative insider to Gov. Richardson, Marc Correra, shared in \$22 million in fees from firms doing business with two state bodies, the State Investment Council and the New Mexico Educational Retirement Board (NMERB).² Other insiders have benefited as well, including a former appointee of the governor, renowned Democratic fundraisers and a New York political operative.³ The State Investment Council, chaired and controlled by the governor, failed to adopt the governor's transparency policy, which called for the public disclosure of fees paid to third-party marketers connected with government investment deals.⁴

CHARGE TWO: PAY-TO-PLAY

In a lawsuit, the former chief investment officer for the NMERB said the state lost \$90 million in bad investments stemming from a pay-to-play scandal.⁵ The lawsuit alleges that government officials with close ties to Gov. Richardson, including Gov. Richardson's former chief of staff, pressured the NMERB and the State Investment Council to place millions of dollars into unsound investments with Vanderbilt Capital of Chicago for political reasons.⁶ The lawsuit contends that the investment decisions were driven by campaign contributions to Gov. Richardson's presidential campaign.⁷ Executives at Vanderbilt donated about \$15,000 to Gov. Richardson's 2007 failed bid for the presidency.⁸ The investments – complex collateralized debt obligations that were at the root of the current financial crisis – have since lost all of their value.⁹

¹ Thomas J. Cole, Investment Sunshine Policy was Shelved, *Albuquerque Journal*, June 17, 2009.

² Mike Gallagher, Correra Shared in \$22M of Fees, *Albuquerque Journal*, July 1, 2009.

³ Cole, *Albuquerque Journal*, June 17, 2009.

⁴ Id.

⁵ Mike Gallagher, New 'Pay-to-Play' Claim, *Albuquerque Journal*, January 15, 2009.

⁶ Id.; Mike Gallagher, Objection! Lawyers Mix It Up, *Albuquerque Journal*, February 4, 2009.

⁷ Gallagher, *Albuquerque Journal*, January 15, 2009.

⁸ Id.

⁹ Mike Gallagher, Tab for Investing Poorly Goes Up, *Albuquerque Journal*, January 13, 2010.

A federal grand jury launched an investigation into a California financial company's contributions to Gov. Richardson's political committees in another possible pay-to-play scandal.¹⁰ In 2004, CDR Financial Products secured a contract with the New Mexico Finance Authority to become part of a financial team that provided bond management services for Gov. Richardson's Investment Program (GRIP).¹¹ The team was responsible for creating a bond financing deal for the governor's highway and transportation construction program that won legislative approval in 2003.¹² CDR and its chief executive officer (CEO) David Rubin gave at least \$110,000 to Gov. Richardson's campaign and associated political committees.¹³ The state paid CDR \$1.48 million in 2004 and 2005.¹⁴

CDR's and Rubin's contributions to two of Gov. Richardson's political action committees (PACs)—Moving America Forward, to increase voter registration among Latinos; and Si Se Puede, to defray the costs of the governor's and his staff's trip to the 2004 Democratic Convention¹⁵—were heavily scrutinized by a federal grand jury.¹⁶ In October 2003, the president of CDR Financial Products gave \$25,000 to Moving America Forward and, in June 2004, gave \$75,000 to Si Se Puede. At the same time, the company won two state contracts.¹⁷ Mr. Rubin donated \$10,000 to Gov. Richardson's reelection committee in 2005.¹⁸ Gov. Richardson's top aide, David Contarino, traveled to Los Angeles with CDR executives, received tickets to a Lakers' game and dined at The Palm—all on CDR's dime.¹⁹

In August 2009, federal investigators temporarily closed the pay-to-play investigation without filing any criminal charges, eight months after Gov. Richardson relinquished a nomination to become Secretary of the Department of Commerce in the Obama administration.²⁰ In a letter to Gov. Richardson, U.S. Attorney Greg Fouratt wrote that even though the investigation was dropped, that was not "an exoneration of any party's conduct" and does "not preclude the United States or the grand jury from reinstating such an investigation without notification" if it is warranted.²¹

On March 15, 2010, the former vice president of CDR Financial Products, who was involved in getting CDR hired by the state of New Mexico in 2004, admitted in federal court to bid-rigging investment agreements and contracts involving municipal bonds from 1998 to 2006.²² CDR CEO Rubin was indicted on bid-rigging and fraud charges in October 2009.²³

¹⁰ Mark Evans, AP Source: Donor to Commerce Nominee Being Probed, *The Associated Press*, December 16, 2008.

¹¹ Id.

¹² Id.

¹³ Id.

¹⁴ Evans, *The Associated Press*, December 16, 2008.

¹⁵ Colleen Heild, Gov.'s 'Charity' Got \$1.7M, *Albuquerque Journal*, January 18, 2009.

¹⁶ Evans, *The Associated Press*, December 16, 2008.

¹⁷ Heild, *Albuquerque Journal*, January 18, 2009.

¹⁸ Evans, *The Associated Press*, December 16, 2008.

¹⁹ Mike Gallagher, CDR Exec Admits to Bid Rigging; California Firm Was at Center of Pay-to-Play Investigation in N.M., *Albuquerque Journal*, March 16, 2010.

²⁰ No byline, Gov. Richardson Pay-to-Play Investigation Dropped, *USA Today*, August 27, 2009.

²¹ Gallagher, *Albuquerque Journal*, March 16, 2010.

²² Id.

²³ Id.

CHARGE THREE: PATRONAGE

A political patronage controversy tied to Gov. Richardson plagued the University of New Mexico (UNM) and led faculty members to cast a vote of no confidence against three top university officials, including the UNM President David Schmidly.²⁴ In 2008, a whistleblower alleged that several employees were hired, promoted, or given pay raises on the basis of ties to the governor, but UNM attorneys did not find evidence to support the claims.²⁵ Nevertheless, Gov. Richardson's administration was caught on tape approaching UNM about hiring Health Secretary Michelle Lujan Grisham, right before she left the governor's cabinet.²⁶ At least one company with ties to Gov. Richardson—Santa Fe Protective Services—profited handsomely in connection with a UNM contract that has doubled in price since it was signed.²⁷ The company's bid was the second highest among eight bidders.²⁸ The owner, Butch Maki, served on then-Congressman Richardson's staff and on his New Hampshire presidential campaign team after Mr. Maki's company received the contract.²⁹

Gov. Richardson's practice of expanding the number of governor-appointed jobs on the state payroll—the so-called “gov-ex” employees—drew fire, as did the removal of a commission head, who said he was fired to make room for a political ally of Gov. Richardson.³⁰

CHARGE FOUR: TRANSPARENCY

In the fall of 2003, the governor founded Moving America Forward PAC, mentioned above, and set up a secretive non-profit, called Moving America Forward Foundation, with a largely ceremonial board.³¹ The *Albuquerque Journal* reported that the foundation raised at least \$1.7 million without disclosing its donors or much information about its activities.³²

In a separate incident, Gov. Richardson refused to disclose the details of a trip aboard a law firm executive's private jet for a 2007 Mexican vacation.³³ While the state attorney general found no violation of state ethics laws, critics called on the governor to document that he paid fair market value for the trip.³⁴

²⁴ Martin Salazar, Faculty Decisively Votes No Confidence, *Albuquerque Journal*, February 27, 2009.

²⁵ Id.

²⁶ Martin Salazar, Those Pesky Tapes, *Albuquerque Journal*, June 29, 2008.

²⁷ Martin Salazar, UNM Security Fees Double, *Albuquerque Journal*, July 5, 2009.

²⁸ Id.

²⁹ Id.

³⁰ No byline, All Aboard the Guv's Gravy Train of Jobs, *Albuquerque Journal*, March 8, 2006; Debra Dominguez, Lawsuit Accuses Gov. of Bias, *Albuquerque Journal*, February 27, 2004.

³¹ Heild, *Albuquerque Journal*, Jan. 18, 2009.

³² Id.

³³ Jeff Jones, Richardson's Flight Was Legal, AG Says, *Albuquerque Journal*, February 16, 2008.

³⁴ Id.