

NEWS

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COUNTY WINS \$10.6 MILLION IN CORRUPTION CIVIL CASE **Ventura judge's decision pushes county's recovery efforts to \$35.5 million**

San Bernardino County has officially claimed the largest single prize in the county's effort to recover from the Mays-Hlawek corruption scandal by receiving a \$10,635,647 judgment in its civil case against the scandal's key figures.

"This judgment proves that the County of San Bernardino has no tolerance for dishonesty or corruption. This is a huge victory for the taxpayers and for the county's honest and hard-working employees," Board of Supervisors Chairman Bill Postmus said today.

The judgment by Ventura Superior Court Judge Vincent J. O'Neill Jr. brings to \$35,451,057 the sum the county has been awarded in restitution, settlements, judgments and credits in connection with a wide-ranging scandal that resulted in a virtual 100 percent turnover in the county's leadership and a long list of reforms designed to make county government more accountable to the public.

More than \$16.7 million of that \$35.5 million sum has come in the form of cash payments to the county. The county spent less than \$6 million in legal and investigative costs in pursuit of the civil and criminal rewards.

"When we launched this case some people scoffed and said we would end up spending more than we would ever recover. It's great to prove them wrong," Chairman Postmus said.

The judge ruled that the county is entitled to \$4,242,626.17 from former county executives Harry Mays and James Hlawek, former garbage executive Kenneth James Walsh, and a company owned by Mays. He also ruled that the county is entitled to \$3,835,000 from Oakridge (a billboard company) and Hlawek. O'Neill also ruled that Oakridge owes the county an additional \$20,238, Hlawek owes an additional \$75,000, and former consultant Richard Tisdale, Tisdale's company, and Hlawek owe the county \$387,783. The judgment also

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requires an additional \$325,000 from Mays and Hlawek, along with \$1 million in punitive damages from Mays, \$500,000 from Walsh, and \$250,000 from Hlawek. The judgment also voided Oakridge's remaining billboard leases.

In terms of the corruption scandal, the county's attention will now shift to addressing any appeals – should they arise – securing payment of the judgments, and continuing to ensure that the public's business is done in an open and ethical manner.

The civil case stemmed from federal indictments announced in November 1999 outlining how Mays and Hlawek, along with other former county officials and contractors, had engaged in bribery schemes during the 1990s. The county subsequently conducted its own investigation and in April 2000 announced plans to pursue legal action against a long list of people and businesses.

The county also enacted the following reform measures:

- **BACKGROUND CHECKS** – Applicants for top positions in the county are subjected to an unprecedented level of background investigation, including full criminal, personal, and financial checks. Through an RFP process the county has hired two background investigation firms to assist the county in hiring the best people to serve the people of this county.
- **SPENDING OVERSIGHT** – In July 1999 the Board passed an ordinance requiring county departments to seek the Board's approval whenever they spend more than \$25,000 with an individual vendor over the course of a year. This tightening of county spending policies has been an effective tool in keeping the public abreast of how the county is expending its resources.
- **PURCHASING REFORMS** – In 1999 the County Administrative Officer established a Working Group led by the Auditor/Controller-Recorder to examine the county's procurement policies. This thorough review resulted in the Board's adoption in April 2000 of a procurement code of ethics and several other policies aimed at ensuring proper public review of purchases and safeguards against unregulated spending.
- **LEASING REFORMS** – The County Administrative Officer established a Real Estate Working Group to closely review the methods by which the county leases building space. This effort led to a group of proposals designed to guarantee that proper procedures are followed to the letter and that safeguards exist to ensure that the taxpayers are getting the best deals for their money.
- **NEW LEADERSHIP TEAM** – Over the past five years there has been a nearly 100 percent turnover in all county leadership positions, giving the voters, the Board and the County Administrative Officer an opportunity to completely rebuild county government on a foundation of new ideas, responsibility, and accountability.

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- **REORGANIZATIONS** – In August 1999, April 2000, and most recently in April 2005 the Board approved sweeping changes within the county's organizational structure to emphasize economic development and job creation, the compassionate and efficient delivery of social and medical services, and increased oversight in the use of county resources.
- **CODE OF ETHICS** – In 1999 the county adopted the ICMA Code of Ethics, which commits the county to the highest ideals of honor and integrity. It also reminds county employees that they exist to serve the public and to keep the citizens informed.
- **ETHICS OFFICER** – The county hired a full-time Ethics Officer, who had developed programs to keep ethics at the forefront of the county's operations.
- **PARTICIPATION IN AUCTIONS** – In March 2001 the County Administrative Officer proposed and the Board of Supervisors adopted a policy barring county officials from participating in county auctions and requiring other county employees to disclose their affiliation with the county before participating in county auctions.
- **FORMER COUNTY EMPLOYEES** – The County now requires anyone doing business with the County to disclose whether they employ any former County employees.
- **BENEFITS REVIEW** – The Auditor/Controller-Recorder conducted an exhaustive review of the dental and medical benefit programs offered to county employees.
- **FRAUD HOTLINE** – The Auditor-Controller created and operates a Waste, Fraud and Abuse hotline anyone can use to report illegal, unethical or suspicious activities related to County business.
- **ADDITIONAL DISCLOSURE** – County departments have gone to great lengths to add more detail to recommendations and reports submitted to the Board so that proposals, costs and projected benefits are clear to Board members and the public.
- **PUBLIC DELIBERATIONS** – During the past five years the Board has increased its attention to details and more thoroughly questions county staff on items submitted for the Board's approval. There has also been a dramatic increase the number of public meeting agenda items discussed in detail during Board meetings and a reduction in the number of items passed without discussion on consent.
- **DEBT OVERSIGHT** – In 2001 the Board of Supervisors created the Debt Advisory Council, a group consisting of several county officials who meet publicly to review management of the county's bonded indebtedness.