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Placer GOP committee's finances again under scrutiny

By [Torey Van Oottvanoot@sacbee.com](mailto:Torey.Van.Oottvanoot@sacbee.com)

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For the second time in two years, the Placer County Republican Central Committee is facing investigators' questions about its financial practices.

The state Fair Political Practices Commission is examining a complaint that key committee members used donors' money to benefit themselves.

A critic of the committee's actions says she's been questioned by the FBI.

Lawmakers have gotten involved, pressing for more information about the committee's ties to Headquarters Partnership, a financial entity used to pay the committee's rent. They say the financial concerns have clouded the party's local operations for more than a year and created deep divisions within the GOP.

"I know many people on that committee who are good servants to the cause, but there are some there that are not really playing above board," said Republican Sen. Doug LaMalfa of Richvale. "A lot of funny stuff (is) going on with where the money's going or how many hands it's going through before a check actually gets cut."

The Placer County arm of the state Republican Party is an elected board that can raise and spend funds to mobilize voters and elect GOP candidates.

The controversy began with the committee's decision in 2007 to pay rent on Roseville office space through a private entity called Headquarters Partnership.

Its partners were Tom Hudson, then committee chairman, and George Park, then first vice chair of the committee, according to minutes of a March meeting that year.

The point of the partnership was to sublease the committee's office space to political campaigns without triggering tax filing obligations, the minutes said, adding that "the partnership books will be made available for inspection by Central Committee members." Soon, however, questions over irregular spending patterns, who was cashing and writing checks on behalf of the party and a lack of public disclosure began to rile rival factions of the local GOP apparatus.

The committee's board voted in January to sever financial ties with the partnership. But lawmakers are still pressing for more facts.

LaMalfa and Sen. Ted Gaines and Assemblywoman Beth Gaines, both of Roseville, released a letter ahead of the committee's June meeting urging members to ask Headquarters Partnership to present the office lease, bank statements and other financial documents "in an open meeting, in full view of the public."

That request got nowhere, as a move to revisit the issue failed to muster enough votes. Hudson, the committee's current parliamentarian, said there's no requirement that a private business entity open its books.

"As far as what sub-vendors and sub-sub-vendors and sub-sub-sub vendors do with their money, that's a private matter, and state law is fairly strict about that," he said.

Current Chairman Jeff Atteberry called questions about the arrangement an unfounded "witch hunt." He said he supported terminating the relationship "not because I thought it was wrong, but because it's creating too many newspaper articles." He said "there's no evidence of any wrongdoing anywhere."

A complaint to the Placer County district attorney, forwarded to the FPPC and obtained by The Bee, alleges that donors' money was paid to a Sacramento public relations firm called Nimbus Marketing "for services that never happened."

"Nimbus Marketing would then write a check to Headquarters Partnership the same day," the complaint said. The document obtained by The Bee does not include the name of the complainant.

FPPC Executive Director Roman Porter confirmed that an investigation is "ongoing."

Records show that the committee paid Nimbus Marketing more than \$34,000 for voter outreach and public relations services during the 2008 campaign cycle.

Park and Hudson, the complaint alleges, "used their positions as executive board members to shake down donors in order to get more money for their companies for 'campaign' work. The campaign work was (Park) hiring himself and others to do what they should have been doing as volunteers (sic) members of the committee."

Hudson said Nimbus was hired for a variety of services, including get-out-the-vote efforts in connection with Proposition 8, the initiative to ban gay marriage. He said Nimbus official Bill George, a former campaign spokesman for Rep. Tom McClintock, R-Elk Grove, was hired as committee spokesman.

Park could not be reached for comment. Calls to Nimbus Marketing, which lists the central committee as a client on its website, were not returned.

Karen England, a committee member and GOP activist who has long criticized the rental arrangement, said her concerns with Headquarters Partnership grew after her daughter was paid for campaign work conducted on behalf of the committee with a check from Headquarters Partnership. England says FBI agents contacted her with questions about the arrangement in fall 2010. The FBI declined to say whether it is conducting an investigation.

"I have a fiduciary responsibility. I want to see the books," England said.

Hudson, who said Headquarters has not been contacted by the FBI or the FPPC, said England's claim that her daughter was paid by his business for committee campaign work is "impossible." He said the criticism is a "political smear campaign."

The latest flare-up isn't the committee's first brush with controversy – or the state campaign watchdog agency.

Two large 2009 contributions between the committee and the campaign coffers for then-Assemblyman Joel Anderson, R-Alpine, were the subject of an FPPC investigation into whether the committee helped Anderson skirt campaign contribution limits.

The FPPC ultimately determined there was insufficient evidence that the Placer County committee had violated campaign finance laws.