Audits detailed mishandling of campaign funds

Defendant in fraud case continued to work as candidates’ treasurer despite fines for finance violations.

When state Sen. Ted Lieu (D-Torrance) learned a few months ago that a state audit had raised questions about his campaign finances, staffers immediately called Lieu’s longtime treasurer, Kinde Durkee. Durkee assured them that everything was fine, Lieu said, and he took her word for it. He forgot about the incident until this month, when Durkee was arrested for a second federal fraud case that is sending shock waves across the Democratic Party establishment.

Durkee is accused of stealing perhaps millions of dollars from her clients, who include dozens of prominent California Democrats. Authorities have not ruled out the full scale of the alleged crime, but clients including Rep. Loretta Sanchez (D-Garden Grove) and Sen. Diane Feinstein (D-Los Angeles) have said that they believe Durkee wiped down to $132,000.

Feinstein announced Friday that she plans to put $65 million of her own money into her reelection campaign to make up for funds that may have been taken.

But well before the criminal complaint against Durkee was filed, multiple state audits had found major problems in campaign accounts controlled by Durkee, according to documents reviewed by The Times this week.

One question emerging in the scandal is why so many elected officials stuck with Durkee despite several red flags about her performance.

In fact, Durkee remained one of California’s top treasurers despite racking up more than $35 million in fines for campaign finance violations over the last decade and being the subject of criminal investigations by the Los Angeles County district attorney’s office in 2008 and 2009.

At the time of her arrest, Durkee had control of more than 400 bank accounts, many of them campaign accounts. [See Durkee, A18]

ARTISTIC LEGACY: Simon Rodia is seen at his legendary folk art construction of contemporary art, one of more than 60 museums and art venues participating in Pacific Standard Time.

Trial airing Wall St. dirty laundry ends in split verdicts

Tom Petrunko and Tiffany Hsu

He was cast as the epitome of Wall Street greed, but in the end a jury sided with star money manager John Gundlach’s claim that he was victimized.

In a bitter court battle that pitted Gundlach against his longtime employer, Los Angeles investment giant TCW Group Inc., jurors delivered verdicts Friday that left both sides claiming victory.

The panel largely agreed with TCW’s side of the case, yet awarded Gundlach a $65.5-million judgment on three counts for back pay, while TCW’s own demand for damages was denied.

The verdicts close out a trial that had fascinated the financial industry because it aired the kind of dirty laundry that Wall Street usually tries to keep hidden: allegations of secret deals, back-stabbing, stealing, lying and cheating.

At the center was Gundlach, a 69-year-old investment whiz who has been dubbed the “King of Bonds,” and earned more than a quarter of a billion dollars for his money management prowess at TCW from 1986 until he was fired in December 2009.

TCW, parent of Trust Co. of the West, said it fired Gundlach [See TCW, A99]

COMING SUNDAY: A special pullout section celebrating the L.A. aesthetic following the post-WWII art boom. ARTS & BOOKS

SOLAR FIRM’S OBAMA LINKS PROBED

A fundraiser’s role in a loan program that aided Solyndra stokes concern about the company’s influence.

MATTHEW GOLD REPUBLICAN NATIONAL CONVENTION WASHINGTON STUART PFEIFFER REPORTER LOS ANGELES

The White House faced mounting criticism that it was improperly soliciting the help of a solar-energy company with close ties to President Barack Obama.

The White House faced mounting criticism that it was improperly soliciting the help of a solar-energy company with close ties to President Barack Obama.

Steve Sininger, who helped monitor the Energy Department’s 2009 loan guarantees of $23 billion in government-backed loans to 146 renewable-energy projects, was one of Obama’s top fundraisers in 2008 and 2012 and is seeking the president’s 2022 reelection campaign endorsement.

Sininger did not have any role in the selection of applicants for the loan program, but the executive assistant to the president, who oversees the Energy Department, had several interactions with Sininger.

Sininger had planned to donate $20,000 to a pro-Obama super PAC to support the president’s 2016 bid. Sininger was a former AFSCME official and is the co-founder and president of SolarCity.

L.A. makes its bid for a place in art history

Pacific Standard Time seeks to boost the area’s reputation in the postwar narrative

JOE FUNKEL AND REED JOHNSON

It seems worthy of an old-fashioned Hollywood romantic epic, with a cast of thousands and a plot that spans four decades: “The Greatest Story Ever Told About Southern California Art.”

Over the next six months, more than 60 museums and arts venues from Santa Barbara to San Diego will feature exhibitions of postwar Southern California art in an effort called Pacific Standard Time: Art in L.A. 1945-1985. Organizers believe it’s the biggest museum collaboration ever.

Every show tackles a different theme, such as the first wave of Chicano artists, the trailblazing feminists behind the Woman’s Building, the pioneers of the so-called Light and Space movement. But they all share a common goal: to promote Southern California as an international art capital and cultural tourism destination by telling the sweeping story of the origins of the region’s dynamic art scene.

“With something like this, you’re not going to be able to forget about L.A. again,” said Kelli Jones, a Columbia University professor who has organized a survey of L.A.-made African American art for the Hammer Museum as part of PST. “It’s going to affect not just the way this country sees art in L.A. but the way the world sees it.”

Since the rise of Abstract Expressionism in the 1950s, New York has dominated contemporary art and, temporarily, art history. Pacific Standard Time hopes to establish Los Angeles as an equal player in the post-World War II art world, by spotlighting its unique contributions, including David Hockney’s dazzling swimming pool paintings, Ed Ruscha’s deadpan humorous prints and the lifestyle-defining furniture of Charles and Ray Eames.

But the goals go [See PST, A14]
A grand vision to elevate L.A.'s status in art world

In the fall of 2011, the Getty Center in Los Angeles was poised to make history. The museum had already begun to establish itself as a major force in the global art world, and its ambitious plans for the future were about to be realized. The Getty's director, James C.uno, was determined to make Los Angeles a true cultural capital, with a focus on contemporary art and the promotion of emerging artists. The museum's new wing, designed by Frank Gehry, was set to open, and a series of major exhibitions and events were planned.

CULTURAL LEADERS: Ann Philbin, director of the Hammer Museum, from left; Mark Siegel, chairman of the Getty Board of Trustees; Deborah Marrow, director of the Getty Foundation; and Michael Govan, director of the Los Angeles County Museum of Art, are all forces in the Pacific Standard Time effort.

The Getty's plans included a major exhibition of contemporary art from around the world, a series of talks and forums, and a range of educational programs. The museum was also set to launch a new initiative, the Getty Institute, which would focus on the study of art history and the preservation of cultural heritage.

The Getty's ambitions were not without controversy, however. Some critics accused the museum of being too focused on the wealthy elite and not doing enough to support emerging artists. Others argued that the museum's focus on contemporary art was at the expense of other important historical and cultural traditions.

Despite these challenges, the Getty was determined to make Los Angeles a true cultural capital, and its leaders were confident that they could achieve their goals. With the support of the Getty's board of trustees and a dedicated team of curators and educators, the museum was poised to make a major impact on the art world in the years to come.