Los Angeles Times

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Audits detailed mishandling of campaign funds

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

ABBY SEWELL

When state Sen. Ted Lieu (D- Torrance) learned a few months ago that a state audit had found irregularities in 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 in a sweeping 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 laid out the full scale of the alleged crime, but clients including Rep. Loretta Sanchez (D-Garden Grove) and Sen. Dianne Feinstein (D-Los Angeles) have said that that they believe Durkee wiped out their campaign funds. Feinstein announced Friday that she plans to put $5 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 $185,000 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 ac-

[See Durkee, A18]

Hulton Archive / Getty Images

ARTISTIC LEGACY: Simon Rodia is seen at his legendary folk art construction, the Watts Towers, in 1951. The Watts Towers Arts Center is one of more than 60 museums and art venues participating in Pacific Standard Time.

TAYLOR SHERILL J. Paul Getty Trust

KEN PRICE: His work is in "Crosscurrents," a PST show at the Getty.

OSCAR CASTILLO Fowler Museum

OSCAR CASTILLO: Work by the photographer of Chicano life is featured in a Pacific Standard Time exhibition at UCLA's Fowler Museum.

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

JORI FINKEL AND REED JOHNSON

It seems worthy of an old-fashioned Hollywood 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. 1945-1980. 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 Kellie 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 textbook accounts of contemporary art. 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]

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

Trial airing Wall St. dirty laundry ends in split verdicts

TOM PETRUNO AND TIFFANY HSU

He was cast as the epitome of Wall Street greed, but in the end a jury sided with star money manager Jeffrey Gundlach's claim that he wasn't paid enough.

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 ordered the firm to write a $67-million check to Gundlach and three lieutenants 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, backstabbing, stealing, lying and cheating.

MARK BOSTER Los Angeles Times

JEFFREY GUNDLACH
For much of six weeks of testimony, the investment whiz found his character on trial.

At the center was Gundlach, a 51-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 1991 until he was fired in December 2009.

TCW, parent of Trust Co. of the West, said it fired Gun-

[See TCW, A16]

SOLAR FIRM'S OBAMA LINKS PROBED

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

MATEA GOLD
REPORTING FROM WASHINGTON

STUART PFEIFER
REPORTING FROM LOS ANGELES

The White House faced mounting political complications as a second top fundraiser for President Obama was linked to a federal loan guarantee program that backed a now-bankrupt Silicon Valley solar energy company, and as two California lawmakers called for investigations of a state tax break granted to the firm.

Steve Spinner, who helped monitor the Energy Department's issuance of $25 billion in government-backed loans to renewable energy projects, was one of Obama's top fundraisers in 2008 and is raising money for the president's 2012 reelection campaign.

Spinner did not have any role in the selection of applicants for the loan program and, in fact, was recused from the decision to grant a $535-million loan guarantee to Solyndra Inc. because his wife's law firm represented the company, administration officials said Friday.

But Spinner's role as a top official in the Energy Department program, which had not been previously revealed, is likely to spur new inquiries into whether political influence played a role in the handling of the "green" energy fund. Solyndra faces a congressional probe, a criminal investigation and separate internal inquiries at the Energy and Treasury departments.

"This will fuel more questions, and now you've got real people involved at the inspector-general level who will be turning over chairs and cabinets, asking questions," said Stanley Brand, a criminal defense and ethics lawyer in Washington who has served as general counsel to the U.S. House of Representatives.

He noted that none of the details that had emerged suggested any laws had been broken. "It's embarrassing, it's ham-handed, it looks bad, but so far all we have is the White House try-

[See Solyndra, A10]

A grand vision to elevate L.A.'s status in art world

RYAN MILLER Getty Images

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.

[**PST,** from A1]
beyond that.

Joan Weinstein, associate director of the Getty Foundation, which funded the $10-million effort, says that along with spurring new scholarship, the project's two main goals are "raising the profile of Los Angeles as a visual arts destination, nationally and internationally" and working "to attract new audiences to new museums."

Toward that end, the Getty is paying for a region-wide advertising campaign, designed by L.A. agency TBWA / Chiat / Day (price tag undisclosed).

Print ads and a new phone app will augment 900 street-pole banners, bus wraparound ads and online video promotions. One video spot, designed to explicitly link the postwar art scene with today's L.A. and lure a younger audience, shows artist Ruscha with Anthony Kiedis of the Red Hot Chili Peppers discussing art while driving the city streets. News conferences have been held in New York, London, Paris, Tokyo and Berlin.

"Come October, if you're interested in art and in the swirl, I think you will know about it," said Lindsay Pollock, editor of the New York-based magazine Art in America, who has devoted part of her October issue to the event. "I think it will be a major part of the conversation."

Still, luring tourists bound for Disneyland and Rodeo Drive to Ed Kienholz's grim assemblages or even David Hockney's sunny "splash" paintings remains a challenge.

"The worthiness of the exhibitions will, I think, be to a large degree applauded," said Paul Schimmel, chief curator of the Museum of Contemporary Art in Los Angeles, which is part of PST. "Whether the advertising and the awareness that comes from bringing all these shows together at the same time can create the kind of unprecedented audience people hope for, this is the big unknown."

One reason why nobody is making clear predictions about attendance is because the project has few precedents.

The 1984 Olympic Arts Festival focused more on the performing arts and lacked a scholarly dimension.

Pacific Standard Time began in 2001 with the Getty Research Institute, which launched an oral history project to preserve the recollections of the era's artists, gallery owners and other key players while they were still around.

About a year later, the Getty Foundation, the philanthropic arm of the J. Paul Getty Trust, began awarding grants, eventually totaling $2.7 million, to help local museums catalog their art archives and make them more accessible.

As the research began yielding new findings, the idea of mounting public exhibitions seemed a natural next step, said Andrew Perchuk, deputy director of the research institute.

Within months, plans were afoot for dozens of museums to join in one mega-event.

The Getty Foundation ultimately dispensed nearly $7 million more in grants to cover research, exhibition planning and a performance art festival that will take place in January. The content was left up to each arts venue. "It was really not a top-down; it was more of a bottom-up project," Perchuk said.

So the shows are wildly diverse. LACMA will have a sweeping survey exploring how California marketed the fantasy of midcentury design, with things as varied as original Barbie fashions and the Eames' living room re-installed in the museum. The gallery of the Otis College of Art and Design charts the history of the Woman's Building in the 1970s and '80s, one of the most important chapters in feminist art.

One of the Los Angeles Museum of Contemporary Art's shows, curated by Schimmel, focuses on art made during the politically turbulent 1970s.

The museum at Pomona College is bringing Judy Chicago to town to revisit her early fireworks-based performance art, and to "blow up" the campus football field.

Chicago, who has work in several Pacific Standard Time shows, said she has never seen a museum collaboration on this scale. "I don't think this level of collaboration could have happened in the East, where there is so much competition between museums. There's a spirit of innovation and self-invention that continues in California," she said.

The Getty also encouraged L.A. commercial galleries to stage thematically related shows this fall, and more than 70 are participating. The official V.I.P. program for Pacific Standard Time, packed with museum receptions, artists' studio tours and private collector visits, is designed to draw the European and East Coast art elite.

Still, for some cultural leaders, the promise of Pacific Standard Time is reaching more, and more diverse, audiences close to home.

"Sometimes I really feel that more people know about us in Berlin than they do in Westwood," said Ann Philbin, director of the Hammer Museum. "Strangely enough it can take something like this to make people around the corner come to visit us."

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Threat of FAA worker furloughs avoided

Congress resolves an impasse in time for President Obama to sign an extension into law, hours before funding was to expire.

ALEXA VAUGHN
REPORTING FROM WASHINGTON

President Obama signed a federal air and transportation funding bill Friday, narrowly averting a threatened furlough to 80,000 aviation and construction workers.

Congress broke a logjam Thursday night and sent Obama the legislation to extend the funding just hours before the Federal Aviation Administration portion of the money was set to expire.

Because Congress did not resolve underlying disputes about long-term measures, FAA funding will expire in February and the Highway Trust Fund money in April unless further extensions are approved.

But legislation to replenish depleted Federal Emergency Management Agency disaster-aid funds with $6.9 billion, instead of the $1.8 billion the president initially asked for, remains mired in partisan gridlock. House Republican leaders insist that supplemental funds for Hurricane Irene and other disasters be offset by spending cuts elsewhere in the budget.

Republicans are aiming to take funds away from an alternative-energy auto program to cover the FEMA funding. This summer, House Majority Leader Eric Cantor (R-Va.) told Fox News that his party was doing what any ordinary family would do in a crisis — doing without a new car to pay for the needs of a sick loved one, for instance.

Democrats oppose that approach, and say disaster funds have traditionally been provided to communities without such offsets. The debate over disaster funds could head toward a showdown next week in the House.

"House Republicans are setting a dangerous precedent by requiring that disaster aid be offset, especially when Americans are struggling to rebuild their homes, businesses and communities," House Minority Leader Nancy Pelosi (D-San Francisco) said in a statement. Speaker John A. Boehner (R-Ohio), she added, "must allow a vote on the Senate-passed bipartisan bill without further delay."

Late Thursday night, the Senate overcame a filibuster on the bill with the support of six Republicans, all from states hit hard by at least one of the 48 events Obama has declared disasters since Jan. 1. But it remains to be seen how many House Republicans will side with the Senate's FEMA funding increase.

The House is expected to take up disaster aid as part of a broader bill to fund the government for the first months of the next fiscal year, which begins Oct. 1.

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