

# CALIFORNIA

LOS ANGELES EDITION

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latimes.com

## Robles sentenced to 10 years

The former South Gate treasurer, convicted of taking millions from the city, is taken into custody. He insists his power was exaggerated.

By HECTOR BECERRA  
Times Staff Writer

Former South Gate Treasurer Albert Robles was sentenced Tuesday to 10 years in federal prison for plundering more than \$20 million from the small, working-class city.

A federal judge handed down the sentence after Robles said in an impassioned speech that he

had acted "immorally" during his years as leader of South Gate, but never broke the law.

"There are different levels of hoodwinking, but I didn't think hoodwinking was a crime," Robles said. "During that period I decided not to be a very good man every day. But I did not decide to be a criminal."

At times teary-eyed, Robles, 41, said he managed to make people think he was an "all powerful being in the city," but that he did not really wield such power.

But Judge Stephen V. Wilson said he found the man who once boasted of being "the King of South Gate" to be a "puppet master" who controlled a corrupt enterprise that preyed on the city's coffers and residents.



WALLY SKALIZ Los Angeles Times

*'There are different levels of hoodwinking, but I didn't think hoodwinking was a crime.'*

**Albert Robles,**  
former South Gate treasurer

Wilson seemed incredulous at Robles' defense. When Robles' attorney argued that what the ex-treasurer did was business as usual in California politics, the judge responded that "what you have just said is among the most absurd things I have ever heard."

Three other Robles allies —

former trash hauler Michael Klistoff, nursery owner George Garrido and New Jersey financial consultant Edward Espinoza — were also sentenced for their roles in the fraudulent schemes.

The sentencing caps a six-year saga that came to symbolize problems with public malfea-

sance and backroom deals in the small towns of Southeast L.A. County. Earlier this year, Paul Richards, the former mayor of Lynwood, next door to South Gate, was sentenced to 16 years in federal prison for public corruption.

Prosecutors said Tuesday that Robles' sentence sent a message.

"He turned South Gate into a pay-to-play city," said federal prosecutor David Vaughn. "I think this is the beginning of a new day in South Gate."

A federal grand jury in 2004 indicted Robles on 39 counts of money laundering, bribery, wire fraud and public corruption, alleging that he used his elected office and political influence to

[See Robles, Page B8]

# Press-Telegram

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WEDNESDAY, NOVEMBER 29, 2006

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## Robles gets 10 years for South Gate bribery

Associated Press

LOS ANGELES — The former treasurer of the city of South Gate was sentenced Tuesday to 10 years in federal prison for extracting nearly \$2 million in bribes from contractors and sharing the money with family and friends.

Albert Robles, 41, was taken into custody immediately after his sentencing. He was also ordered by U.S. District Judge Stephen V. Wilson to pay back more than \$600,000 to the city in southeast Los Angeles County.

Robles was convicted in July 2005 of five counts of bribery,

four counts of money laundering and 21 counts of defrauding citizens of South Gate.

Prosecutors depicted the city as a corrupt fiefdom in which Robles solicited bribes from contractors and was able to hire and fire city employees at will. The illicit money paid for everything from a seaside condo for his mother to an exclusive membership in the group operated by motivational guru Tony Robbins, authorities said.

In a rambling statement in court, Robles suggested he was guilty of arrogance and pompos-

PLEASE SEE **ROBLES / A6**

## ROBLES: Kickbacks to family members

CONTINUED FROM **A1**

ity but not criminal acts.

"My activities were not illegal," he said at one point.

Prosecutors have estimated the corruption cost the city as much as \$20 million.

"He turned it into a pay-to-play town," Assistant U.S. Attorney David Vaughn said, alluding to a scheme in which contractors were forced to pay bribes for city business.

Much of the evidence against Robles came from a New Jersey financial consultant who testified in hopes of receiving a more lenient sentence. He told jurors he frequently distributed kickbacks in the form of checks to family and friends of Robles.

Last year Robbins agreed to refund \$45,000 in taxpayer money — most of what Robles spent on the membership.

## Corrupt officials not a new problem

**Local:** Lack of media attention, civic participation leaves area cities vulnerable to corruption.

**By Michael R. Blood**

AP Political Writer

LOS ANGELES — Handcuffed and led away to 10 years in prison last week, the former treasurer of South Gate became the latest in a growing parade of officials from the gritty suburbs south of Los Angeles jailed for government corruption.

The area abutting Los Angeles and the coastal pearls of Manhattan Beach and Rancho Palos Verdes is known for clotted freeways and fading neighborhoods, but the tally of charges has generated unwelcome notoriety for thieving, bribe-grabbing public officials.

Illegal schemes on a scale usually associated with big Eastern cities have devoured tens of millions of taxpayer dollars, prosecutors say, paying for everything from a seaside condo to massages.

South Gate Treasurer Albert Robles aspired to build a "power machine" to secretly control cities throughout the economically struggling area, according to trial testimony. One now-jailed former mayor sought to steal \$6 million by steering city contracts to a shell company he owned.

# Daily Journal

WEDNESDAY,  
MARCH 23, 2005

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ROBERT LEVINS / Daily Journal

Attorneys contracted by South Gate, from left, Adrian Barton, and Maurice Suh, South Gate City Manager Gary Milliman and South Gate City Attorney Raul Salinas gather around South Gate Mayor Henry C. Gonzales, seated.

## City Seeks Millions From Law Firms

By Ryan Oliver

Daily Journal Staff Writer

Buoyed by successes recouping legal fees paid to Sheppard Mullin Richter & Hampton, the city of South Gate is attempting to reclaim millions more from some of the city's largest law firms, the Daily Journal has learned.

The city plans to negotiate with, and if necessary, take to court four other firms, including Paul Hastings Janofsky & Walker; Gibson Dunn & Crutcher; Thelen Reid & Priest; and Beck, De Corso, Daly & Kreindler, sources said.

The city also may go after fees billed by its former contract city attorney, Salvador Alva.

The city also is suing Albright Yee & Schmit claiming violations of the Racketeer Influenced and Corrupt Organizations Act. The Albright firm,

### South Gate Wants Return of Fees It Claims Were Too High for Work Done

however, won an arbitration ruling against the city in an earlier fee dispute.

City officials contend that the fees, approved by three recalled City Council members allied with indicted former city treasurer Albert Robles to defend against a series of public corruption investigations, were improperly authorized.

The \$8 million legal spending spree was a huge increase over previous years' outlays and represents 28 percent of the city's annual \$28 million budget.

The bills have left the city on the verge of bankruptcy and forced it to cut back on basic services, officials say.

However, the outside lawyers maintain that they were hired by duly elected government officials and that they charged fair fees for the rush of legal work when state and federal investigators piled on South Gate City Hall.

An attorney with one of the law firms that South Gate hired said spending public money to defend against corruption charges is not unusual. The size of the legal fees is, however, he acknowledged.

"They hired lawyers for all of the folks involved," said the attorney, who asked his name not be used. "I don't think that's unusual. I think this happens all the time."

See Page 9 — SOUTH GATE

# Settlement Spells End for Waste Hauling Company

[Waste, from Page B1] knowing that the great service we've given to the deserving people of South Gate will continue to be provided by ... Waste Management."

The settlement marks the latest victory for South Gate in its effort to recoup losses officials said the city endured during the administration of Robles and his allies. Federal prosecutors allege that corruption connected to Robles cost the city \$12 million — a large amount for a relatively small municipality with an annual operating budget of \$28 million.

Over the last few months, the city has received more than \$3.5 million from several prominent law firms that did work for South Gate during Robles' years as treasurer. The city accused some of those firms of overbilling. The federal charges accuse Robles of enriching himself, friends and family through a series of questionable city contracts and money skimming. He has pleaded not guilty.

City leaders hope the settlements will help ease South Gate's financial problems, which include a \$6-million operating deficit.

The problems with the waste hauling contract first surfaced in November after Robles, the younger Klistoff and Espinoza were indicted on federal charges that included bribery, mail fraud and money laundering.

According to federal prosecutors, the scheme took shape in 2000, when a friend of Robles', George Garrido, introduced Klistoff to the treasurer.

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*'This is a substantial penalty that is being paid by a company that was caught up in the previous administration's shenanigans.'*

**Gary Milliman,**  
South Gate city manager

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The indictment alleges that Klistoff made several payouts to Robles in anticipation of receiving the waste contract, including \$10,000 in February 2001 to Citizens for Good Government, a committee created by Robles to collect campaign contributions for himself and his political allies.

Klistoff also paid \$2,878 to reimburse Robles for the purchase of a computer and software from Fry's Electronics and \$6,768 to SunDial Technologies to help the former treasurer pay for a telephone switching system, according to federal records.

Robles and Garrido in turn helped Klistoff get his company an edge during the bidding process, prosecutors claim.

Robles allegedly "showed defendant ... bids that other companies had submitted for the South Gate refuse collection and recycling contract," according to the indictment.

Authorities said that two months after the bidding process began, Robles installed an unnamed consultant with the initials "L.M." to be in charge of the committee evaluating bids.

"Robles told L.M. that he wanted the city to award the refuse collection and recycling contract to Klistoff & Sons," according to the indictment.

Robles allegedly told L.M. to "find a consultant that Klistoff &

Sons could hire to assist" in "preparing for Klistoff & Sons' oral presentation to the search committee."

Robles allegedly had another person provide Klistoff with a list of confidential questions the search committee would ask during the oral presentation, officials said.

On Aug. 20, 2001 — the day of the oral presentation — the search committee recommended the City Council give the contract to Klistoff & Sons. A month later, the council voted to award the pact to the company.

Klistoff subsequently gave Garrido five checks totaling \$437,500 between April 11, 2002, and May 2003, according to a copy of the plea agreement between Klistoff and federal prosecutors.

Garrido was indicted in March on charges that he illegally received a large consulting contract from Klistoff in exchange for the awarding of the waste contract. He has pleaded not guilty.

After the indictment was issued in November, city officials threatened to sue Klistoff & Sons Inc. unless its contract was terminated and it paid South Gate for damages.

City Attorney Raul Salinas said the city could have filed a lawsuit seeking more money, but weighed that against a potentially costly and protracted trial.

Meanwhile, the federal trial against Robles and Garrido is scheduled for July 12. Espinoza, the New Jersey consultant, and Klistoff have agreed to testify against Robles as part of plea agreements.

Klistoff is scheduled to be sentenced Oct. 31, said U.S. attorney spokesman Thom Mrozek.

Officials from Waste Management, which served the city from 1992 to 2001, said they were glad to be finally getting a contract they thought they had won. They expect the acquisition to be completed by June.

"We were the lowest-priced option for the city when they initially went out to bid in 2001," said Susan Moulton, a company official.



LEAGUE OF CALIFORNIA CITIES

July 2003

**City Forum****South Gate Triumphs Over Adversity: First-Person Account***by Gary Milliman*

*Gary Milliman is the Southern California director and Grassroots Network program coordinator for the League. Milliman joined the League staff in 2000, following a 25 year career in city management.*

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*Located in the older industrial core of southeast Los Angeles County, the City of South Gate is a community of 100,000 predominantly working-class residents. The 1990 "All-American City" had a long-standing reputation for good government and quality services. A major shopping center development initiated in the mid-1990s, the El Paseo, won a 2002 Helen Putnam Award for Excellence. And in the 1990s, the city sported a general fund balance of about 20 percent of budget.*

But beginning in 1999, rumors of conflicts of interest, fiscal instability, patronage and unusual political practices with undertones of violence began circulating in South Gate. Litigation by taxpayers and employee unions, along with investigations into possible misconduct initiated by the Los Angeles County district attorney and a federal grand jury, saddled the city with more than \$14 million in legal fees. As a result, city council meetings became volatile. An effort to recall a majority of the city council and the city treasurer proved successful in January 2003, so the new city council moved immediately to suspend three top city management employees and the contract city attorney. In a February 2003 report, the finance director projected that the general fund would be dangerously close to zero by June 30 unless immediate action was taken. All of this occurred only 30 days before the March 2003 general municipal election.

On the day after the new city council majority took office in South Gate, the council asked the League to provide the city with short-term interim management services. In a historic move, the League agreed to assist this city in crisis by contracting my services as interim city manager — beginning that same day.

The League took this action because of South Gate's unique circumstances. Providing this form of assistance is consistent with one of the League's strategic goals: "Restore public confidence in government, particularly city government." My challenge was to partner with the city council and other city officials to restore public confidence in their local government.

**First Order of Business: Reassure Citizens**

Citizens had just "taken back their city," so assuring them that a professional approach would be taken in managing the city's affairs became the first order of business. I remained visible and accessible, and wove a discussion of sound management practices into every public conversation. I attended community events with my family and took advantage of every opportunity to engage citizens in a discussion about the hard facts of the city's financial condition, and how citizens, city employees, the city manager and the city council could — by working in partnership — restore the city to its earlier stability.

**Second Order of Business: Engage Employees**

During the first week, I appeared at "all hands meetings" with public works and police department employees to

# La Opinión

## South Gate shines again

**Reappears after years of suffering corruption and after almost filing bankruptcy**

**Agustin Duran**

*Monday, December 04, 2006*

### **La Opinion**

After several years of corruption and fraud problems, South Gate, a city of a 100 thousand residents more or less, in the majority Latinos, once again lights its Holiday lights and with them, hope for thousands of residents.

"This is the product of work of many, the community who has supported us, the city employees, Council Members and especially the City Manager", explains Mayor Maria Davila, moments before the lighting ceremony of its holiday lights, which remained off for two years due to budget cuts.

"Now everything is behind us", she said referring to the former City Treasurer Albert Robles' scandal, who was sentenced last week to 10 years in prison for theft and bribery. "We now have to focus in the future, try to establish more assistance programs for our residents and mainly for our youth. It's important to look into the future and put aside the past", she expressed.

Henry Gonzalez, Council Member and victim of a shot to his head which almost cost him his life during the ten years of the turbulence in the city, indicated that three years after initiating the recovery efforts, the city is on the right track.

"We have almost 10 million dollars in the general city's reserve, which had been left almost empty by the previous corruption; we also, soon expect the inauguration of one of the most important economic projects in which the city has invested.

"We hope that with the opening of the commercial project in the corner of Atlantic and Firestone for the year 2008, a new phase will begin for the city, because new jobs will be generated and there will be additional resources for more programs", expressed Gonzalez, who has to walk using a walker as a result of the injuries he suffered from the murder attempt in 1999.

Jean Reed, city resident since 1960, tells that she lived here before and during the corruption phase and that nothing compares to the current phase.

"For the first time in decades I see a united City Council, all working in unison and I believe this has helped the City to overcome this", expressed this resident of 78 years old.

"Before, the City Council meetings seemed like dictatorship acts, the Council Members would only allow those they liked to speak. It was hard to believe; to the point a Council Member (Ruvalcaba) slapped her colleague (Gonzalez) in plain session. It was a total circus".

# THE PRESS

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Thursday, February 19, 2004

wavenewspapers.com

## Council OKs reorganizing city staff

City manager's plan will save cash-strapped city about \$300,000 a year.

BY ARNOLD ADLER  
STAFF WRITER

SOUTH GATE — The City Council has approved a plan to reorganize departments and city staff for a savings of about \$300,000 a year.

But unlike the original proposal from City Manager Gary Milliman, council members Feb. 10 decided to keep code enforcement as a function of the building department and not move it to the police department, said Mayor Hector De La Torre.

Council members said that it was unusual for police to perform code enforcement, although Milliman argued that the practice has been termed successful by officials in neighboring Downey.

However, the building department, as a stand-alone entity, was eliminated and its functions transferred to community development as proposed by Milli-

now will be in charge of building safety and inspections.

Functions of the community development department, including economic development, will now be directly under the city manager.

A community services division of that department will be created to oversee parks and recreation, transit management and the JADE program, a regional anti-gang and drug program.

Deputy director slots will be eliminated and employees re-assigned and re-classified, under the Milliman plan.

Also the number of foremen in the public works department will be reduced from nine to seven and business license enforcement will be transferred from the department of finance to the police.

Animal control, proposed for the police department, will remain a contracted service from the Southeast Area Animal Control Authority, De La Torre said.

The changes were the latest in a year-long effort by the city to regain its financial integrity after a previous council majority and administration, recalled Jan. 28, 2003, almost depleted a one-time \$13 million surplus, De La Torre said.

Since that time, Milliman has

### STAFFING from page A1

reshuffled his staff, made transfers and some terminations, and attempted to halt contracts, most of them for attorney services, made by the previous administration.

The latest change, which Milliman termed "management realignment," is an effort to down-size the city organization to result in a smaller, more efficient and less expensive operation, Milliman said.

Under that plan, existing services are combined under common management to improve the coordination of delivery, he said.





# City of South Gate

## PRESS RELEASE

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**Contact:**

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Assistant to the City Manager  
(323) 563-9508

**FOR IMMEDIATE RELEASE**

**January 8, 2007**

### **INDEPENDENT AUDIT VERIFIES SOUTH GATE'S SUCCESSFUL ROAD TO FINANCIAL RECOVERY**

#### **Financial audit shows highest general fund balance in seven years**

The 2005-2006 fiscal year (FY) marked a continued improvement in South Gate's financial recovery. Only a few years ago South Gate suffered significant financial losses and a tarnished image due to corruption by former City officials. The City has been extremely successful in its efforts to recover from these losses, having received over \$12.5 million in settlement payments since March 2005.

An independent audit just released by the firm of Mayer Hoffman McCann P.C. shows two significant and exciting findings:

First, as an indicator of the City's financial condition in FY 2004-2005, the City's net assets stood at a negative \$319,821. This most recent audit shows the City's net assets at \$22.6 million, a complete reversal of a negative three year trend.

Second, the City's General Fund, which pays for most of the City's basic services, (Police, Parks and Recreation, etc.) for the second consecutive year shows in an increase in its unrestricted fund balance to \$14.2 million..... the largest fund balance in seven years.

"This year's audit shows the public and financial community that the City of South Gate is getting its financial house in order. With a strong commitment from the City Council to continue down the hard road of financial recovery and excellent work by City Staff, the City financial future is bright", said Mayor Maria Davila.

This year's financial improvements were also seen in other City operations, including the City's Redevelopment Agency and Water Fund.

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# City of South Gate

## PRESS RELEASE

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**FOR IMMEDIATE RELEASE**

**May 10, 2007**

## **SOUTH GATE WINS PUBLIC OUTREACH AWARD**

### **South Gate's General Plan Update wins 2007 Los Angeles American Planning Association Outstanding Public Outreach Award**

Community outreach and participation is paramount to the success of any public process. Today, the City of South Gate celebrates recognition from one of the nation's leading planning associations. The Los Angeles section of the American Planning Association, has selected the City of South as the 2007 Award recipient for the Public Outreach Award, for outstanding public outreach and community engagement on the General Plan Update.

The "South Gate General Plan 2030" is a long-term planning effort which has emphasized public participation from the onset. In the last 10 months, hundreds of South Gate community members have participated in numerous General Plan outreach events including; five large-scale public workshops known as the "Community Congress", smaller public forums, and meetings with students, local clubs, and community groups.

Throughout the General Plan process, residents and stakeholders have had the opportunity to work with city officials and staff in addressing important issues such as growth, housing, transportation, education, safety, economic development and the built environment. Mayor of South Gate, Bill De Witt agrees, "Never before have I seen such overwhelming support for planning in the City of South Gate. We are excited that the community is committed to working with the city to develop a vision for change. The General Plan Update provides the framework to do just that."

Input from the public has shaped the City's Vision and Guiding Principles for the General Plan. Eleven guiding principles articulate and re-affirm the community's values and vision for achieving a greater South Gate in the years ahead, these include: A City that Grows; A Green City; A Family-Oriented City; Strong Neighborhoods; Transportation Choices; Economic Vitality; Vibrant Tweedy Mile and Corridors; Life-Long Learning; A Beautiful City; A Healthy Environment; and Community Participation.

The General Plan serves as a city's "blueprint" for future development. It represents the community's view of its future; it consists of goals and policies upon which the city council and planning commission will base their land use decisions. South Gate is currently updating the Land Use, Housing, Circulation, Economic Development, and Community Design Elements of the General Plan.

For more information, contact Steve Lefever, Director of Community Development, at (323) 563-9566.

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## *THE NEW CITY OF SOUTH GATE*

### **CAMPAIGN SUMMARY**

**MISSION:** Restore the City's reputation and the community's self-esteem. Attract new private investment into the community. Restore public confidence in local government. Engage the community in planning for the community's future.

#### **ACTIONS:**

- Develop new marketing materials for use in business development.
- Complete retail market analysis and develop strategy for capturing retail spending leakage.
- Act aggressively to attract and direct new development; insist on quality.
- Publish and distribute a City newsletter to inform the residents of the City's progress.
- Initiate a new General Plan update process that engages residents in developing a vision for the community's future.
- Develop a new website. Add features such as on-line program registration.
- Seek designation of South Gate as an "Azalea City" by the Azalea Society of America.
- Restart and expand the community-based annual Azalea Festival.
- Restart the home and business beautification recognition program.
- Restructure the community Development Department to provide better planning, building safety, engineering and redevelopment integration.
- Form a top management committee on economic development that is empowered to make key decisions.
- Participate as an exhibitor in the International Conference of Shopping Center conferences in Palm Springs and Las Vegas.
- Reallocate resources to improve street and park maintenance.
- Identify and develop working relationships with property owners in strategic areas of the City concerning possible redevelopment.
- Organize multi-jurisdictional (City, SCE, Gas Company, LAEDC) "red teams" to meet with industrial business owners/managers to explore ways to improve efficiency and reduce operating costs.
- Retain and expand the Enterprise Zone.
- Expand the Redevelopment Project Area to include all of the older industrial areas.
- Implement development policies to encourage mixed use with higher density housing along major corridors to relieve pressure on and preserve the single family residential core of the community.
- Assist the Chamber of Commerce in reorganization. Subcontract some community event management to the Chamber.
- Initiate joint ventures with the Tweedy Mile Association to improve security in the business district and combat graffiti.

- Develop plans for the implementation of a “Main Street Program” in the Tweedy Mile business district.
- Develop architectural theme and replace aging street furniture in the Tweedy Mile business district.
- Design competition for new City entrance signs.
- Secure joint design/planning agreements with Los Angeles Unified School District and Los Angeles Community College District for new school facilities.
- Work with parents, teachers and school administrators to improve the quality of education facilities and instruction.
- Increase participation in regional government organizations to secure support for South Gate projects and exercise influence in regional project selection and design.
- Relocate, rehabilitate and promote the Glen Seaborg House as an information resource concerning this Nobel Prize winning South Gate resident and the importance of education.
- Provide regional political leadership.



**THE NEW**

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**CITY OF**

**SOUTH GATE**

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*Opportunities for Development Abound*

