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[When the news broke on Saturday morning \(June 16th\)](#) about the DCA & CSAC preparing to ~~emasculate, verbally castrate, excoriate~~ question current [California State Athletic Commission](#) Executive Director George Dodd at an emergency meeting in regards to the financial crisis at CSAC, we were not surprised to learn that the mood amongst promoters & power brokers in the fight business about the current regulatory climate in California is sour. The same can be said for those who are on the inside right now at [Department of Consumer Affairs \(DCA\)](#) headquarters, where the environment has been described by one source to us as 'toxic.' We're not surprised by this — the same atmosphere developed after Armando Garcia left the CSAC and left a power vacuum behind that was filled by AEOs Bill Douglas & Dave Thorton.

There is plenty of media interest in the story, just not entirely in combat media circles. It is funny to see many writers publish comment from the CSAC about a fighter failing a drug test... but refusing to acknowledge that the person they're talking with is basically on trial right now at the DCA.

As our Saturday report revealed & detailed, the budget issues at the DCA & CSAC are nothing new. Before George Dodd came to Sacramento (hand-picked by then-Governor Schwarzenegger's right-hand man Brian Stiger), the condition of the CSAC was rather tumultuous. We looked at the budget data for 2009 and it revealed the exact same problems as we currently see with the CSAC's budget today. The difference? The revenue was coming in at around \$1.8M-\$1.9M a year in '09. Today? \$1.2M to \$1.3M with potential for an even steeper decline in the coming years.

If there ever was a story that was reflective of the current condition of California's financial crisis, this is a perfect example. It's a story that combat sports fans in the state should pay close attention to. Despite the state being home to so many talented boxers & MMA fighters, the activity is slowing down in the state for shows. Promoters & fighters have had various issues in regards to communicating with the commission. While most

dismiss the prospects of no combat sports shows happening in the state, consider the following...

The turmoil at the DCA, which is full of government lifers, is very nervous right now. People are allegedly pointing fingers at each other in a blame game. Our reports on the DCA & CSAC have opened plenty of eyes. It's just the start of impending media scrutiny, not only from us but from other media outlets as well. What you have is a political climate at the DCA that is anything but conducive to running business as usual.

Which is why [when Wednesday, June 26th rolls around at Noon PST](#), George Dodd should force the DCA to put their cards on the table. He should absolutely force the DCA to make his hearing for public consumption and not a closed door affair.

Plenty of blame to go around

[At the June 4th San Diego hearing](#) where commissioners for the California State Athletic Commission revealed that the board had received an insolvency letter from the DCA, George Dodd blamed the budgeting problem on inspector costs. He said that inspectors made up 53% of the CSAC budget and that inspectors sitting in traffic for hours cost the commission a lot of money. This resulted in 82-year old CSAC Chairman John Frierson implementing a 'only 3 inspector' per show policy, which Dodd went along with. It's an outrageously misguided policy. As we demonstrated in our June 16th budget analysis, the inspector costs have been an issue to the state for years. In '09, over \$565,000 was spent on inspectors. In 2011 & 2012, the total budgeted for inspector costs was over \$729,000 and \$668,000 respectively. What raised the red flags for us is that cuts in inspector spending were stated on paper despite huge amounts budgeted by DCA for inspectors being jacked up. To refresh your memory, here's the data (from 2009 to 2012):

Civil Service (budgeted): \$443,930 -> \$327,112 -> \$342,729 -> \$377,789

Civil Service (spent/projected): \$292,670 -> \$177,139 -> \$284,050 -> \$315,455

Inspectors (budgeted): \$395,637 -> \$375,637 -> \$729,637 -> \$668,237

Inspectors (spent/projected): \$565,270 -> \$483,391 -> \$394,690 -> \$425,864

In-state travel (budgeted): \$282,772 -> \$291,988 -> \$403,788 -> \$397,098

In-state travel (spent/projected): \$284,445 -> \$237,101 -> \$201,282 -> \$212,081

As you can see, George Dodd put himself in quite a predicament here. When the revenues plummeted, the DCA sounded the alarm about the CSAC budget. They should have sounded the alarm years ago, long before George Dodd became Executive Director. George Dodd can either go out with a whimper or with a bang on June 26th. The choice is his. Our advice? Make the DCA's assessment hearing of him public. Reveal the skeletons in the closet. Put the DCA on record about what's been going on in Sacramento.

Dodd was notified about the emergency June 26th DCA hearing and [the CSAC released an thinly-detailed agenda document](#). Notice that there is no number for the media to call

in to listen to the teleconference. If you are a California resident and want to participate on the call, you have to go to the DCA's Bureau of Automotive Repair building in South El Monte, California. The absurdity of this knows no bounds. If you live in San Francisco, Sacramento, Fresno, Redding, San Jose, San Diego, Bakersfield, or other major California cities then you don't have a chance for participation. The opaque nature of this hearing is execrable.

For the commission's 'open session,' they will have DCA associate budget analyst Brian Skewis going over the numbers. After that happens, the commission will enter into a closed session. They cite California Government Code Section 11126(a)(1) & (a)(4).

Continued Employment of the Executive Officer

Pursuant to Government Code Section 11126(a)(1), the Commission will meet in closed session unless the Executive Officer exercises his right to have this agenda item heard in open session. Even if the matter is addressed in open session, the Commission may still meet in closed session to conduct its deliberations pursuant to Government Code Section 1126(a)(4).

[Here's the text of that code:](#)

*(a)(1)Nothing in this article shall be construed to prevent a state body from holding closed sessions during a regular or special meeting to consider the appointment, employment, evaluation of performance, or dismissal of a public employee or to hear complaints or charges brought against that employee by another person or employee unless the employee requests a public hearing.
(4)Following the public hearing or closed session, the body may deliberate on the decision to be reached in a closed session.*

So, in other words, the state law gives DCA the right to hold court on Dodd in private. Dodd has the right, however, to make this review a public hearing. By all means, he should do so. If you're going to get fired, you may as well bring some transparency to the process.

After the DCA's ~~reading of the riot act~~ hearing with the CSAC board, the results of said hearing will be disclosed ([according to Government Code section 11125.2](#)):

Any state body shall report publicly at a subsequent public meeting any action taken, and any rollcall vote thereon, to appoint, employ, or dismiss a public employee arising out of any closed session of the state body.

Let's call a spade a spade here, from our viewpoint. This is the DCA's version of due process to George Dodd. Dodd may be the only fall guy that DCA has planned for right now. Our educated guess is that this would be a big mistake for the DCA to assume this conclusion. There are more people ripe for getting disciplined here.

We are not here to defend George Dodd. Based on our June 16th budget analysis, it's hard for us to see any way in which he should keep his job. However, that does not mean that we think he's the only one at fault here nor do we think the full story about what is really going on behind the scenes is being told here.

Remember, it was DCA that hand-picked George Dodd for the position of Executive Director. It was those in position of power at the DCA who approved of the budget numbers that Dodd & company put forth. For the DCA to have [a Captain Louis Renault moment](#) and proclaim that they are shocked, I tell you, of the budgeting malfeasance is doltish. There are others in Sacramento & Los Angeles who had to approve of the budgeting process and allow the situation to spiral out of control. On June 26th, George Dodd could make his hearing public and let the state's taxpayers & fight promoters know more about the situation than they previously knew.

Should he choose to tell his side of the situation, I think George Dodd might have an interesting story to tell about the DCA in public... if they allow him to.

So, what kind of story could the current Executive Director tell about the inspector costs?

Not all inspectors are paid the same

Inspectors who work for the California State Athletic Commission, during their time of duty, are considered 'intermittent permanent employees' of the state. Let's take a look at the legal definition of this.

[Example one:](#)

*(d) "Employee" or "state employee," except where otherwise indicated, means employees subject to the Ralph C. Dills Act (Chapter 10.3 (commencing with Section 3512), Division 4, Title 1), supervisory employees as defined in subdivision (g) of Section 3513, managerial employees as defined in subdivision (e) of Section 3513, confidential employees as defined in subdivision (f) of Section 3513, employees of the Legislative Counsel Bureau, employees of the Bureau of State Audits, employees of the office of the Inspector General, employees of the Public Employment Relations Board, conciliators employed by the State Conciliation Service within the Department of Industrial Relations, employees of the Department of Personnel Administration, professional employees of the Department of Finance engaged in technical or analytical state budget preparation other than audit staff, **intermittent athletic inspectors who are employees of the State Athletic Commission**, professional employees in the Personnel/Payroll Services Division of the Controller's office and all employees of the executive branch of government who are not elected to office.*

[Example two:](#)

*(c) "State employee" means any civil service employee of the state, and the teaching staff of schools under the jurisdiction of the State Department of Education or the Superintendent of Public Instruction, except managerial employees, confidential employees, supervisory employees, employees of the Department of Personnel Administration, professional employees of the Department of Finance engaged in technical or analytical state budget preparation other than the auditing staff, professional employees in the Personnel/Payroll Services Division of the Controller's office engaged in technical or analytical duties in support of the state's personnel and payroll systems other than the training staff, employees of the Legislative Counsel Bureau, employees of the Bureau of State Audits, employees of the office of the Inspector General, employees of the board, conciliators employed by the State Conciliation Service within the Department of Industrial Relations, employees of the Office of the State Chief Information Officer except as otherwise provided in Section 11546.5, **and intermittent athletic inspectors who are employees of the State Athletic Commission.***

So, this must mean that all inspectors who work for the CSAC are on the same level playing field and paid on one scale, right? You would be wrong.

[In our June 16th budget analysis review](#), we discussed the issue of which inspectors are working which shows in California. If you hold a private sector day job and work for the commission as your second job, you are paid an hourly rate — approximately in the range of \$20-to-\$35 USD an hour. When Armando Garcia [was looking for new inspectors](#) in 2006, you can see what was disclosed for training procedures & salary for paid inspectors.

As an inspector for the CSAC, if you hold a private sector job then you are paid an hourly wage by the commission. You are not paid for travel costs, per diems, lodging, or food. You are simply paid the hourly wage. ** Recently, a change was made to give all inspectors (no matter their status of day employment) a per diem if they have to travel over 100 miles to work a show. In theory, a non-state employee working as an inspector can be flown to a show but it's not common practice.*

If your day job is working for the state of California, however, the financial equation is much different if you are already a state employee **and** you work for the CSAC as an inspector.

As a state employee, if you work for the CSAC as an inspector you are paid by the state as if you are working overtime. Based on negotiated union contracts and the California Government Code (Human Resources' Rules and Regulations), state employees who work as inspectors for the CSAC are paid the following:

*Overtime rate (state day job hourly rate or hourly CSAC inspector rate, whichever figure is higher, plus 50% of chosen salary rate) **plus** highest pay rate for portal-to-portal (from home to show location and back) **plus** per diem **plus** lodging & travel expenses (rental cars, airplane tickets, etc)*

You see why it matters for the CSAC budget figures that the inspector costs, along with the in-state travel expenses, were & are out of control? The answer — because state employees working in Sacramento & Los Angeles getting inspector gigs over inspectors with private sector day jobs means the DCA & CSAC are putting out significantly more cash to those employed by the state in the first place.

Example: Let's say that a show is happening in Fresno, California. The show is a bigger event, so it's assigned 6 inspectors. The driving distance from Sacramento to Fresno is approximately 3 hours w/ traffic. The duties of the inspectors is approximately 6 hours worth of work. So, 6 hours of work, 6 hours worth of travel.

If you are not a state employee & you have a private sector job, here's what those 6 inspectors would get paid for working the Fresno show:

12 hours (6 travel, 6 work) x 6 inspectors = 72 hours x \$30/hour = \$2,160 in base salary costs.

Now, what if the inspectors used for the show happen to work for the state of California during the day? Let's assume that they use the \$30/hour base salary and apply overtime rules:

12 hours (6 travel, 6 work) x 6 inspectors = 72 hours x \$45/hour = \$3,240 in base salary costs.

It's not just the increase in base salary, however. State employees who work as inspectors get the following:

\$3,240 in costs **plus** highest pay rate for portal-to-portal (from home to show location and back) **plus** per diem **plus** lodging & travel expenses (rental cars, airplane tickets, etc)

You see how the inspector costs can suddenly explode? With inspectors who have state government jobs, not only are the salaries escalated but they get the benefits, too, that the inspectors who have private sector day jobs don't get.

But what if the inspectors who have state government jobs by day happen to make more than \$30/hour? What if they are paid \$40 or \$50 dollars an hour by the state? Look at the math then:

- 12 hours (6 travel, 6 work) x 6 inspectors = 72 hours x \$60/hour = \$4,320 in base salary costs (plus expenses)
- 12 hours (6 travel, 6 work) x 6 inspectors = 72 hours x \$75/hour = \$5,400 in base salary costs (plus expenses)

All of a sudden, you can see where the costs are getting racked up here. You know who has to eat these costs? California taxpayers & fight promoters.

For comparison, [sample rates for judges, referees, and timekeepers](#).

A process ripe for potential abuse

As we demonstrated here in this report, it's very easy to see how inspector costs of private sector workers versus public sector workers can vary wildly. This process can easily lend itself to those who work for the state government getting favored over those who don't work for the state. After all, those who are making the decisions aren't the ones paying out of their pocket for the assignments. No one at DCA was sweating it out. Now they are, of course, because the revenues have plummeted and there's scrutiny about their actions. This, in turn, has led to all sorts of finger pointing.

However, one aspect of the public sector vs. private sector debate that hasn't been discussed is the potential for misuse of taxpayer money.

Let's say that you are a public sector state government employee who also works as an inspector for the commission. You have an upcoming show on a Saturday and fighter weigh-ins are on a Friday. For this instance, let's use our Fresno show example from earlier in the report. As an inspector who works for the state during the day, you decide to take a paid day off. So, instead of a 5 day work week, you have a 4 day work week but you take the Friday off as a paid day.

(For this example, let's just use the \$30/hour base figure. Your paid day off on Friday means you get \$240.)

So, you take the day off on Friday. You go to the weigh-ins. You stay an extra day in the area where the show is going to take place. That means lodging, per diems, and travel expenses. What if you decide to ask for pay for working the weigh-ins on your supposed day off? Remember, as an inspector and state employee, you get an overtime rate (in this scenario, \$45/hour). See where this is going? As a public sector worker, there's plenty of potential to abuse & game the system on the taxpayer's dime.

The scenario for potential abuse: Day job salary w/ paid day off + ‘working’ on day off at CSAC inspector overtime rates + travel (portal to portal at highest rate) + lodging + per diems + overtime wage salary for working the day of the show

Try pulling this off if you work for a private company. Go to your boss and ask them the following: I want a paid day off (PTO), I want to be given PTO **plus** overtime rates for salary for working on the same day I took off **and** pay for my travel, lodging, and per diem while working overtime. It’s like going to my employer and saying I want to be paid 6 days of salary for 5 days of work and that I want all of my expenses paid as well. If your non-governmental employer gives you this deal, then that’s a sweet deal. However, when it comes to the state of California giving out such a deal, it’s the taxpayer footing the bill.

There’s a good reason why we are bringing up this potential scenario for abuse of taxpayer & promoter money. Given how out of control the inspector & in-state travel costs have been for CSAC budgets (approved by DCA) over the last several years, who knows what is really going on in terms of which inspectors are billing the state for what costs and how much of it has been paid for. Since we don’t work at DCA, we don’t have access to those expenditure documents. Given the haphazard manner in which the CSAC budgeting process has gone and how these problems were only scrutinized once the DCA fired off an insolvency letter, it’s hard to believe that there *hasn’t* been careless spending of taxpayer dollars, in our opinion, given the wild fluctuations between what was budgeted for in-state travel & inspector costs as opposed to what the budgets claim was spent.

There’s an additional reason we bring up this potential scenario – legality. According to the Business & Professions Code Provisions, Section 103, [you will see this scenario spelled out:](#)

103. Each member of a board, commission, or committee created in the various chapters of Division 2 (commencing with Section 500) and Division 3 (commencing with Section 5000), and in Chapter 2 (commencing with Section 18600) and Chapter 3 (commencing with Section 19000) of Division 8, shall receive the moneys specified in this section when authorized by the respective provisions.

Each such member shall receive a per diem of one hundred dollars (\$100) for each day actually spent in the discharge of official duties, and shall be reimbursed for traveling and other expenses necessarily incurred in the performance of official duties.

The payments in each instance shall be made only from the fund from which the expenses of the agency are paid and shall be subject to the availability of money. Notwithstanding any other provision of law, no public officer or employee shall receive per diem salary compensation for serving on those boards, commissions, committees, or the Consumer Advisory Council on any day when the officer or employee also received compensation for his or her regular public employment.

California Penal Code Section 72:

Every person who, with intent to defraud, presents for allowance or for payment to any state board or officer, or to any county, city, or district board or officer, authorized to allow or pay the same if genuine, any false or fraudulent claim, bill, account, voucher, or writing, is punishable either by imprisonment in the county jail for a period of not more than one year, by a fine of not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine, or by imprisonment pursuant to subdivision (h) of Section 1170, by a fine of not exceeding ten thousand dollars (\$10,000), or by both such imprisonment and fine. As used in this section "officer" includes a "carrier," as defined in subdivision (a) of Section 14124.70 of the Welfare and Institutions Code, authorized to act as an agent for a state board or officer or a county, city, or district board or officer, as the case may be.

All financial expenditure claims filed by those working for the commission should be thoroughly examined.

Conclusion

If the Department of Consumer Affairs fires George Dodd as Executive Director, I don't think many people will publicly question the decision given that the DCA fired off an insolvency letter to the CSAC. However, I have very deep concerns that Executive Director Dodd will be the only scapegoat here for the DCA. The bottom line is this:

- In order for George Dodd to get the CSAC budgets approved, **elements at the Department of Consumer Affairs had to sign off on these budgets**. Whether these elements still work at the DCA or have been moved to other state government entities, the truth is that everyone should be investigated on this front at DCA. No one should be immune whatsoever at DCA in regards to what was budgeted and why it was approved.
- Which inspectors working for the California State Athletic Commission are state government employees during the day? **Start naming names**. Then, once you name those names, start investigating & revealing which public sector inspectors got paid the most and got the most benefits. Once you chart that out, start investigating how many days those inspectors got paid in comparison to how many shows they worked. Follow the money. George Dodd isn't the only one who should be accused by insiders for traveling to shows on the taxpayer's dime.

- Given that the DCA has burned through various Executive Directors (Bill Douglas, Dave Thorton, and now George Dodd), **how can any taxpayer in the state trust them to make the right selection in picking a new Exec. Director?** Why isn't the process for picking a new Exec. Director for public consumption? Why isn't it allowed for the public to comment on at CSAC hearings? If you're going to burn through Exec. Directors, then the people at DCA who made the selections of said Executive Directors should not only be punished (fired), they should also have to answer questions from the public at CSAC hearings. To hide behind due process codes like 11126 in regards to decision making, it's beyond hypocritical given that it's taxpayer & promoter money being spent to foot the bill for public sector employees who are getting sweetheart overtime rates **plus** benefits for a second job.

The powers-that-be at the DCA better start worrying about more (e.g. the state being broke) than just their job security. Taxpayers and fight promoters are pissed off. Business is going to other states like Nevada, New Jersey, & Texas for big fights. Between the tax climate in California, the lower risk levels in other states for losing money on big shows, and the outrageous cost of doing business (e.g. footing the bill for inspector costs & in-state travel bills), there's a damn good reason that revenues are starting to plummet for combat sports events in California.

Reducing the number of inspectors per show isn't going to cut it. Besides, you're inviting a major scandal involving health & safety of the fighters to happen at a show when you cut the number of inspectors from 6 or 7 to 3. It's not about the number of inspectors. It's about which inspectors are public sector workers versus private sector workers. It's about all the benefits. It's about a climate in which politics is the primary factor in decision making as opposed to decision making that benefits the taxpayers, the fighters, and fight promoters.

The DCA's own budget math exposes, as a best case scenario, a level of incredible incompetence at the agency. Continuing to stay in denial about upcoming public & media scrutiny in regards to the way taxpayer money has been handled will not serve the government lifers at the DCA well.

The DCA may think that getting rid of George Dodd will fix all of their political problems. They would be wrong.