

LAS VEGAS METROPOLITAN POLICE DEPARTMENT
MEMORANDUM

DATE: 11/03/2005

TO : CITY OF LAS VEGAS
THROUGH : UNDERSHERIFF D. GILLESPIE *DCE 11/3/05*
SUBJECT : City of Las Vegas / Royal Links Golf Club Investigation

On or about 08/08/2005, detectives assigned to the LVMPD Criminal Intelligence Section were assigned to conduct an investigation. The purpose was to determine if possible criminal acts occurred related to a request to remove a deed restriction on approximately 160 acres commonly known as the Royal Links Golf Club. This property is owned by real estate developer Billy Walters. Detectives participating in this investigation are as follows:

SGT. E. KILLENBREW
DET. T. RAYBUCK
DET. J. HAHN
DET. W. GRAY
DET. B. BERGHUIS
DET. J. KELLEY

LEGAL CONTACTS: DISTRICT ATTORNEY DAVID ROGER
ASSISTANT US ATTORNEY DAN SCHIESS

During the course of this investigation, the following persons were interviewed by LVMPD detectives. The names are listed in accordance with the date of the interviews.

DOUG SELBY, Las Vegas City Manager
BETSY FRETWELL, Las Vegas Deputy City Manager
JOHN REDLEIN, Deputy City Attorney
LORI WOHLETZ, City Environmental Administrative Officer
LOIS TARKANIAN, Councilwoman. Present during the interview was JEANNE MAUST
OSCAR GOODMAN, Mayor, City of Las Vegas
BRENDA RAGLIN, Administrative Secretary, Department of Public Works
DAVID MENDENHALL, Environmental Manager, WPCF, City of Las Vegas
BRUCE JOHNSON - CH2M Hill Engineering. Project manager for the WPCF
DAVID PIVETTI - Sr. Vice President HDR Engineering
RICHARD GOECKE - Director of Public Works, City of Las Vegas. (Retired)
BILLY WALTERS - Royal Links Golf Course / Real Estate Developer
ALLISON GOECKE GRANT - Daughter of Richard Goecke

A number of outside reports have been utilized during the course of this investigation and summaries and/or references are included in this memo. It is suggested the reader refer to these reports as necessary for further details. The associated reports are as follows:

- 1) E-Mail from Dr. Doug Selby dated July 8, 2005.
- 2) City of Las Vegas Memorandum dated July 15, 2005. To: Councilwoman Tarkanian. From: Elizabeth N. Fretwell. 5 total pages including memorandum and attachments.
- 3) City of Las Vegas Memorandum dated July 19, 2005. To: Mayor and Council Members. From: Elizabeth N. Fretwell. 9 total pages including memorandum and attachments.
- 4) City of Las Vegas Memorandum dated July 22, 2005. To: LVMPD Undersheriff Doug Gillespie. From: William Henry, Senior Litigation Council, City of Las Vegas. 28 total pages including memorandum and attached exhibits 1-5.
- 5) City of Las Vegas Memorandum dated July 22, 2005. To: Brad Jerbic. From: John Redlein. 5 total pages.
- 6) Parcel map of the Royal Links Gold Club, referred to as Exhibit 6.

INVESTIGATIVE SUMMARY:

It is clear from this investigation that in the first quarter of 2005, Billy Walters contacted City officials concerning the removal of the deed restriction of on the property known as the Royal Links Golf Club. There is some confusion as to the order of contact. Walters recalled contacting Goecke first for his input as he felt if Public Works did not approve his proposal there would be no need for his to go further. Goecke recalled Walters having first met with the Mayor and Councilman Brown prior to meeting with him. In either instance, Goecke told Walters great strides had been made in the area of odor control. In his interview Goecke said he didn't feel odor was an issue as both the City and County required odor easements to anyone buying property in the area of the Water Pollution Control Facility (WPCF). Goecke said he was neutral on the issue. Goecke said odor complaints have gone from upwards of 1500 per year to zero complaints. This is supported by written documentation that shows no odor complaints have been received concerning the WPCF in 2003, 2004 or 2005.

Walters said after speaking with Goecke and the Mayor he was referred to the City Manager, Doug Selby. Walters said he had several meetings with Selby and Selby had no issues with the removal of the deed restriction as long as certain conditions could be met. Walters said Selby was very clear that he, as the developer, and any potential home owners would be required to sign odor easement that would release the City of any and all liability concerning odor issues. Walters said as the result of the meetings with Selby, his representatives and attorneys met with the City Attorney's Office and legal language was drafted. Walters said one the issues addressed would be the set back from the property line which would be required by the City. Walters said the set back is up to 200' in some areas.

Further, Goecke also had input into the set back limits required by the City. Deputy City Manager Betsy Fretwell recalls a conversation with Goecke where he said to her they needed to make sure the buffer agreement was firm and included in the transfer agreement.

It is also clear that on or about 1997 through 1999, when Walters first leased the property from the City of Las Vegas, there were some very questionable acts by Goecke which certainly favored Walters and was detrimental to other bidders. After Walters obtained the property by lease, the questionable acts continued which were to Walter's benefit and likely cost the City of Las Vegas millions of dollars. From reviewing the historical information available, specifically the July 22, 2005, memo issued by Deputy City Attorney Redlein, Goecke did commit acts which were likely criminal in nature. If these acts had been investigated at the time of occurrence, felony criminal charges would have been submitted to the District Attorney's Office for review. Historical information suggests the former Mayor and former City Council amended the agreements with Walters to encompass Goecke's illegal actions. There was no investigation conducted at the time. Both the District Attorney's Office and the US Attorney's Office have been consulted and determined these actions are outside the statute of limitations.

After learning of Walters request to remove the deed restriction from the Royal Links property, Deputy City Attorney Redlein was concerned due to the prior history between Goecke and Walters. Redlein briefed several members of the City Council suggesting a independent report be generated by an engineer concerning safety issues as well as an analysis concerning the value of the property.

It is clear Councilwoman Tarkanian requested City Manager Doug Selby to commission an outside report. This was expressed by voice during a meeting with Selby a meeting and followed up by a e-mail request to Deputy City Manager Betsy Fretwell.

As a result, on July 8, 2005, Selby issued a e-mail to Dick Goecke and David Mendenhall requesting they contact one of the outside engineering consultants for a report. The e-mail is clear that the report can be a "letter report" as long as it is signed by a Professional Engineer (PE). It is clear from several sources interviewed during this investigation that a letter report can be very short and a non comprehensive report. The e-mail is also clear that this report is to address the effectiveness of the odor control program. The e-mail directed the following (1) how much we've improved the current situation. (2) likelihood of future complaints compared to the record of complaints when we first acquired the buffer land that is now the golf course. (3) record of complaints from the Clark County Health District and the Clark County Air Quality Management. (4) copy of the odor easement documents required by any purchaser of property in the vicinity of the City and County wastewater plants. (5) valuation assessment.

Dick Goecke was out of the office due to health issues at the time the e-mail request was sent. Mendenhall did receive the e-mail. Brenda Raglin, Goecke's secretary, also issued a e-mail to Mendenhall instructing Mendenhall to get this information and provide it to Goecke for review. This is documented in the e-mails.

The e-mail evidence shows Mendenhall commissioned HDR Engineering to prepare the report by forwarding Selby's e-mail to Matt Chapman of the local HDR Engineering Office. Chapman then forwarded the e-mail to Bruce Johnson of CH2M Hill Engineering and Dave Pivetti, Sr. Vice President of HDR Engineering. The evidence shows Pivetti and Johnson each prepared draft documents on behalf of each of their respective companies. Both Pivetti and Johnson describe the draft reports as a collection of ideas based upon historical data as there was not time to do a comprehensive report. The evidence shows the turn around time for this report was

three or four days, certainly not enough time to do new research.

The evidence also shows Pivetti and Johnson struggled with the contents of the reports in trying to determine exactly what the City wanted in the reports. The draft report of CH2M Hill was electronically submitted back and forth between Pivetti and Johnson for review and input. Pivetti also sent a copy of the draft report to Mendenhall for input.

The evidence shows Pivetti made several attempts for clarification as to the contents of the report. Pivetti phoned Selby's office and found Selby was out of town. Pivetti phoned Goecke's office and found he was out sick. Pivetti did speak with Fretwell and communicated with Mendenhall by e-mail. The evidence shows Mendenhall reached out to Selby for clarification which is documented in the e-mails. Selby's directions to Mendenhall was, in part "a simple engineering assessment as to the effectiveness of current odor control measures. This can be a memo or letter." Mendenhall instructions to Pivetti was it could be a letter report assessing the likelihood of future complaints and past complaints.

The evidence shows Pivetti did contact Goecke by cell phone for his input. Per Pivetti, Goecke's directions were to stick to what was being asked by the City Manager and to make the report neutral. Goecke did tell Pivetti he should focus on the positive accomplishments of the odor control measures and cited the decline of odor complaints have fallen from 1500 to zero in past years. Pivetti recalls Goecke telling him "you can't do better than that." Pivetti said he felt the CH2M Hill draft showed the WPCF in a negative light if for no other reason that Johnson included estimates of up to 100 million dollars to make the WPCF a zero odor facility at he property line.

For the purposes of this investigation, I feel it is important to point out that Pivetti contacted Goecke for input and not the other way around. Pivetti contacted Goecke only after several attempts to get clarification from other City officials. It is also important to note that at the time of the contact by Pivetti, Goecke had not seen the CH2M Hill draft report nor did he even know, at this point in time, the draft memo existed. It is also clear that Pivetti made the suggested edits to the CH2M Hill report based upon the direction he received from Goecke in that he should stick to what the City Manager was asking, being odor control issues and the number of complaints, and not to speculate on other issues. Pivetti described the edits to the CH2M Hill report as suggested edits and pointed out Johnson would have the final decision in what went in the report.

The evidence shows that on July 13, 2005, Pivetti e-mailed a copy of the CH2M Hill draft report and his draft cover letter to Mendenhall for review. At the time Mendenhall was in a training class with Lori Wohletz. Mendenhall discussed the report and became concerned that the methane gas on the property was not addressed in the report. Wohletz contacted Pivetti and expressed her concerns which caused Pivetti to include the methane issue in his draft cover letter. Pivetti researched Wohletz's concerns with Johnson of CH2M Hill and engineers at HDR and could not corroborate any of her concerns. Pivetti alone elected to edit the hazardous chemicals reference from his cover letter after conducting his research. In the interview with Pivetti and Goecke, both expressed their opinions that the methane gas on the WPCF property was not an issue.

Another issue raised by Wohletz was lack of the required 150' set back from the property line as she believed was required by Federal law. It was apparently unknown to Wohletz that this issue had already been addressed and the set back of up to 200' in

some areas had been approved by the City Attorney's Office.

The evidence shows that on July 15, 2005, Pivetti e-mailed the edited CH2M Hill memo and his edited cover letter to Mendenhall. Goecke was at the WPCF at the time the e-mail arrived and forwarded the e-mail to Betsy Fretwell for dissemination to the Mayor and City Council. Goecke told Fretwell in the e-mail that he had not closely read the report but wanted to get it to her ASAP. Shortly after this the edited version of the CH2M Hill report and the edited version of the HDR cover letter was discovered and copies of these were disseminated to the Mayor and City Council as well. There was concern on the part of City officials that due to the history between Walters and Goecke the reports may have been edited at Goecke's direction to make the removal of the deed restriction more favorable to Walters and to insure the deed restriction was removed. The removal of the deed restriction would likely result in Walters making a substantial amount of money on the property from residential development.

As to the editing of the consultant reports, the evidence shows this is not uncommon. This is documented in the interviews with Selby, Pivetti, Johnson and Mendenhall. I think the most compelling evidence was offered by Dr. Selby who said "as the director of engineering, lots of reports that I got from consultants had to be commented on and they would edit it and modify and then submit as the final report. In order to get the quality or the content that we were looking for."

Dr. Selby also said "I don't know exactly what happened in this process but I wouldn't characterize it as unusual to find that there was an earlier report somewhere that staff has made comments on and then have the consultant revise it and resubmit."

Equally compelling is the statement from Dr. Selby as to the final report itself. Det. Raybuck asked "do you feel that it was an accurate representation to the council and to the city reference what your request was?" Dr. Selby answered "I believe it was." Det. Raybuck asked "the redacted version?" Dr. Selby answered "yes."

While it is clear that the Mayor, City Council and some City staff members were not happy with the edited version of the consultant report, it does appear to be what the City Manager requested to be submitted.

There were also allegations made reference a personal relationship between Goecke and Walters that Goecke allegedly accept gratuities in exchange for favorable treatment with City business involving Walters. This is denied by both Walters and Goecke. While there is no doubt Goecke facilitated a number of things favorable to Walters in the 1997/1998 transaction, we have not located anything which would appear to be substantial in nature in the 2005 incident. Both Goecke and Walters admit that years ago Walters and his wife took Goecke and his wife to dinner which was paid by Walters. I can only document this occurring on two occasions and both appear to have been at least eight years ago. Both Walters and Goecke admit that Goecke has played golf at Walters facilities on a comp basis but no more than two times per year. Walters said for him to have persons as guest at his facilities is a common occurrence and does not appear to be a favor given only to Goecke. Walters said the standing rule with Goecke is he could play only when not displacing paying guests. Walters said he believes there are some years when Goecke has not played golf at his facilities at all.

There was an allegation that Goecke frequently has lunch at Walters facilities and does not pay. This is denied by both Walters and Goecke. This is supported by a statement

from Goecke's secretary, Brenda Raglin. During her interview Raglin said "he seldom goes to lunch. So uh, the only time he might go to lunch, if he has a meeting with someone. And I usually schedule them. And it's never been at a Walter's golf course or anything. Usually I set something close to downtown, close to walking you know." Raglin was asked if she knew of a personal relationship between Goecke and Billy Walters and she replied "no." Raglin did say she had been to lunch with Goecke at the Desert Pines Golf Course when Goecke would take the administrative staff but said it wasn't comped or anything like that and that they always paid for lunch.

Raglin also said Walters has called the office asking for Goecke in the past but nothing that appears out of the ordinary. Raglin said in her interview that Walters has called a few times over the years and the calls seemed to be concerning odor problems. She said a lot of the times when Walters called it would be about a problem regarding the facility and she would forward the call to David Mendenhall to take care of the situation. Raglin said Walters typically informed her the reason he was calling. Raglin said she has forwarded Walter's calls to Goecke's cell phone but said it wasn't a standard thing. Raglin estimated Walters has called their office asking for Goecke three or four times in the last three or four years. She said the last call she could remember was a year or two ago. Raglin was asked if Goecke ever met Walters in his office and she said no. Raglin went on to say she had never met Billy Walters. This does not suggest a close, continuing relationship between Walters and Goecke.

There was also evidence discovered during an interview between Goecke and Bill Henry where Goecke's daughter held a wedding reception at Walter's Desert Pines Golf Course for which Goecke admittedly did not pay. Goecke reportedly told Walters the groom's parents should pay for the reception. The reception occurred on or about 09/20/1997.

I asked Goecke during his interview about the reception. Goecke said he didn't have anything to do with either negotiating the terms of the reception or payment for the reception. He did know that his daughter, Allison, handled this herself with someone at the Desert Pines facility and knew it was not Billy Walters.

I asked Walters during his interview about the wedding reception. Walters said he knew of the wedding reception but believed to the best of his knowledge they were paid for the reception. Walters said he knew the reception was not comped. Walters said he was not involved in the negotiations and that was handled by the food and beverage director at Desert Pines.

I have also interviewed Goecke's daughter, Allison Grant. While Allison was a little short in the interview, she said the arrangements for the reception to be held at the Desert Pines facility had been negotiated by her with the Desert Pines manager and not Billy Walters. Allison assured me the bill had been paid in full and that no compensation had been asked for or received.

Walters was questioned during his interview as to knowledge of the report requested by Dr. Selby. Both Walters and his attorney, Richard Wright, said neither had any knowledge the report was being generated until July 19, 2005, just prior to the information being released to the media. Walters said he had no input into the report neither in preparation nor editing.

REAL ESTATE ANALYSIS:

Det. Raybuck conducted a full background investigation into property owned or previously owned by Dick Goecke and all known family members. This was to insure that none of this properties came through Billy Walters or any of his associates. Det. Raybuck reports no link was found.

EXAMINATION OF THE BANK ACCOUNTS OF RICHARD GOECKE:

Pursuant to a Grand Jury subpoena, I, Det. Kelley, examined the bank statements of Richard Goecke were obtained from the Nevada Federal Credit Union. The statements were from 01/01/2005 through 08/01/2005. The bank statements were examined to determine if any large, unusual deposits had been made into any accounts of Goecke. Nothing was found which raised suspicion.

LEGAL REVIEW OF INVESTIGATION:

There have been numerous meetings between LVMPD investigators and Clark County District Attorney David Roger during the course of this investigation. I, Det. Kelley, spoke with DA Roger as recently as 11/02/2005. DA Roger has personally reviewed the findings of this investigation and agrees there is no evidence to establish probable cause to believe any criminal act has occurred with anyone associated with the 2005 request for deed restriction removal at the Royal Links Golf Club.

CONCLUSION:

As the result of this investigation, I can find no compelling evidence related to the request for the removal of the deed restriction which would establish probable cause to believe that political corruption existed between the relationship of Dick Goecke and Billy Walters or any other City employee.

Respectfully submitted,

Det. Joe Kelley P# 3716
Criminal Intelligence Section

BILL

F. BRAVE TO BETSY

11/2/05. I WILL

SPEAK TO THE

MEDIA TOMO.

Doyle