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Inquiry Highlights New Mexico's Few Ethics Laws

By [JAMES C. MCKINLEY Jr.](#) and MICHAEL HAEDERLE

SANTA FE, N.M. — Gov. [Bill Richardson](#) tried to return to the public routine of being governor last week, cutting ribbons and making announcements, but at every turn reporters peppered him with questions about a federal investigation into whether his aides had steered a consulting contract to a political backer.

The investigation forced Mr. Richardson to forgo a cabinet post in the Obama administration and focused attention on the state's loose campaign-finance laws. [New Mexico](#) is one of a handful of states with no caps on campaign donations and no independent ethics commission to look into conflicts of interest.

"This is the Wild West," said State Senator Dede Feldman, an Albuquerque Democrat who has pushed a campaign-finance overhaul. "There are few restrictions, there are no limits on campaign contributions."

Since taking office in 2003, Mr. Richardson has been dogged by accusations that big contributors to his campaign received favors from the state — patronage jobs, infrastructure projects, contracts, approvals from state boards. Those accusations, never proved, have not hurt Mr. Richardson's popularity.

But now the governor, who has promoted campaign-finance limits in recent years, finds himself on the defensive.

Two of his closest political advisers and campaign aides are under scrutiny by federal prosecutors for their roles in awarding a lucrative contract in 2004 to a bond consulting firm that, around the same time, donated more than \$100,000 to Mr. Richardson's political committees.

"In my view, the state and its officials have done nothing wrong," Mr. Richardson said Wednesday after a ribbon-cutting in Albuquerque. "They behaved with the best of intentions and the best conduct."

Another big Richardson supporter, Sonny Otero, a contractor, made a hefty profit in 2006 when the state bought 12 acres of vacant land from him in Santa Fe, paying \$3.2 million more than his family's business paid for it two years earlier.

Before the sale could go through, the Legislature had to amend a land-acquisition bill to enable the purchase of the Otero parcel, and Mr. Richardson signed the bill. Two months after the sale, Mr. Otero made a \$50,000 donation to Mr. Richardson's re-election campaign, part of the \$86,000 he has given the governor since 2002.

Mr. Otero said that the State Department of General Services first contacted him about the property and

that he never spoke to the governor about the sale. Mr. Richardson's spokesman, Gilbert Gallegos, said, "The governor had no involvement in and no knowledge of the land deal."

Some critics say the governor's problems were inevitable in a system with no restrictions on political donations or any official watchdogs. The state's lawmakers hold part-time, unpaid positions and rarely have the legislative resources, much less the political will, to investigate the executive branch. Many fear the governor, who has the deep pockets to finance opponents and the power to slash projects in the districts of his political enemies, legislators and lobbyists said.

"We have a system that is wholly out of whack and out of sync with what other states have done and what the federal government has done to try to regulate money and politics," said Matt Brix of the Center for Civic Policy, a good-government group. "That invites all kinds of problematic situations."

Before being elected governor, Mr. Richardson, 61, served more than 14 years in the House of Representatives, and under President [Bill Clinton](#) he was ambassador to the [United Nations](#) and the energy secretary.

Mr. Richardson's political background, especially his Washington ties, has made him easily the most formidable fund-raiser in state history. He amassed \$21 million for his two races for governor alone. An additional \$4 million has been donated in recent years to two political action committees he controls, and he raised \$24 million for his presidential bid last year.

"Governor Richardson brought us a whole new level of fund-raising here and campaigning that never stops," said State Senator Tim Jennings, a Democrat of Roswell who has been critical of the governor. "We were always a lot more laid-back before that."

For his part, the governor, who declined to be interviewed, has maintained that campaign donations do not influence his decisions. In at least two cases, he canceled state contracts his political supporters had won after the deals became public. He also gave back a \$10,000 contribution from a company that won a contract to provide health care to prisoners.

Yet in an interview on [NBC](#) in 2007, Mr. Richardson acknowledged that giving money to a politician gives the donor "a little bit of an edge."

"I don't give any extra access to somebody that contributes," he said. "But I'll remember that person, and I'll say: 'Jeez, that guy helped me. Maybe I can help them.'"

Over the last three years, as the state was rocked by corruption scandals, the governor has pushed measures to limit campaign donations and to form an independent ethics commission, though he failed to get them through the Legislature. In 2006, he signed legislation barring bidders from giving money to public officials during the contracting process.

"The governor has been the single champion for changing the laws in New Mexico," Mr. Gallegos said. "It's been an uphill battle."

Still, he has not stopped taking large contributions from individuals and businesses who want something from the state government.

"We have these problems over and over again, and whether something illegal occurred or not, it's the system that is really corrupt," said Steven Robert Allen, the director of [Common Cause](#) New Mexico.

One of Mr. Richardson's biggest individual contributors, for instance, is Paul Blanchard, the president of the Downs at Albuquerque, a racetrack and casino on the state fairgrounds. Mr. Blanchard not only served as the finance chairman of Mr. Richardson's 2006 campaign, but he, his businesses and his wife, Kandace, have donated \$300,000 to Mr. Richardson in the last two statewide elections.

Mr. Blanchard, as a racetrack and casino owner, has many dealings with the state. In May, for instance, the State Racing Commission, appointed by Mr. Richardson, approved a controversial request from Mr. Blanchard to move the racetrack off the fairgrounds to the city of Moriarty and expand its casino operation.

Critics of the governor say there are other examples of Mr. Richardson taking positions that benefit his donors. For instance, Mr. Richardson strongly supported building an interchange off Interstate 25 that is wanted by a California developer, Jim Foster, who plans to build a housing development nearby. Mr. Foster gave \$75,000 to the governor during his 2006 re-election campaign and donated the use of his personal jet to the governor for campaigning.

"I support governors who support jobs," Mr. Foster said.

Mr. Gallegos said the governor supported the interchange because it would create jobs, not because of Mr. Foster's donation.

One of the largest donors to Mr. Richardson has been Forest City Covington, a joint venture that is developing Mesa del Sol, a 12,900-acre tract of state-owned land just south of the Albuquerque airport.

From 2002 to 2007, Mr. Richardson's two political action committees, his re-election campaign and his presidential campaign received more than \$290,000 in cash and in-kind contributions from Forest City Covington and members of the families that control the company.

In that time, the [University of New Mexico](#)'s board of regents, controlled by Mr. Richardson's appointees, and the state land office engineered a complicated three-way deal that made it possible for the developer to buy a 3,000-acre piece of the tract from the university for \$9 million and a share of future profits. Overseeing the deal was the regent's board president, Jamie Koch, a Richardson appointee and former state [Democratic Party](#) chairman.

The Legislature, with strong urging from the governor, also changed state law to let the developer divert tax receipts to underwrite bonds that would be used to pay for infrastructure on the site. In April 2007, Mr. Richardson signed off on legislation authorizing the developer to issue up to \$500 million in bonds. Mr. Gallegos said Mr. Richardson supported the project because it would create jobs.

Michael Daly, president of Mesa del Sol, said the company donated to Mr. Richardson's campaigns to

support his pro-business policies, not to win particular legislation.

“Our job is to attract jobs to the state,” Mr. Daly said. “We think he does a great job to attract tenants.”

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