

Pumping \$\$

By [Peter Byrne](#)

THE ROOTS OF California's fiscal woes, Gov. Arnold Schwarzenegger preaches, are greedy school teachers, nurses, firefighters, social workers and cops. Unionized public workers are "motivated by economic self-interest," instead of "doing the best job for the state." The actor-politician, multimillionaire celebrity and editor of two muscle mags, is too rich to be motivated by economic self-interest. Right! While public employee unions do have competency and corruption problems, their sins are venal compared to the governor's transgressions, which include tailoring public policy to fit his financial interests.

Schwarzenegger's most recent economic disclosure statement reveals that he owns "over one million dollars" worth of a \$69 billion international investment group called Dimensional Fund Advisors (how much "over" we are not told). Dimensional pays him "over \$100,000" a year. The holding is one of Schwarzenegger's largest, most lucrative assets.

Guess what? Dimensional manages billions in pension funds for public employee unions all over the country. If these funds are privatized in California, as Schwarzenegger calls for, Dimensional stands to directly benefit from increased management fees, and the governor from increased dividends. "Punish them by enriching me," is the governor's nutty subtext.

Dimensional has hundreds of millions invested in war profiteers, including infamous Halliburton. It owns a chunk of the national media--investing a total of \$87 million in the *New York Times*, Fox News and the *Los Angeles Times*. It has billions staked in energy, pharmaceutical, telecommunications, real estate, big-box retail stores, waste-management companies and bankers that rely upon the favor of government officials in California. Not surprisingly, Dimensional is financing one of Schwarzenegger's pet projects: stem-cell research.

And--bingo!--Dimensional Fund Advisors has plunked down \$50 million to finance a slew of casino-development companies and casino suppliers that do business with Indian tribes in our state. Dimensional owns \$25 million in Caesars Entertainment, which has multiple Indian-casino interests in California that are affected by Schwarzenegger's gambling policies. It has \$6.7 million invested in Monarch Casino and Resort Inc. in nearby Reno, Nevada, which competes with California's

Indian-run gambling industry. The fund has a stake in Gaming Partners International, a major supplier of casino paraphernalia. It owns a piece of International Game Technology, which pays licensing fees to sell "Terminator" slot machines based on Schwarzenegger's robot character.

It turns out that Dimensional is one of the 10 largest shareholders in Nevada Gold & Casinos Inc. The Houston-based casino development company owns 69 percent of the River Rock Casino operation in Geyserville--you know, the cigarette smoke-filled tent stuffed with 1,600 Hollywood-themed slot machines. Citing sovereignty, the Dry Creek Rancheria tribe has banned Sonoma County fire inspectors from entering the casino; meanwhile, the state denied the tribe a liquor license because of fire safety concerns. Nevertheless, last week Nevada Gold announced another profitable quarter at River Rock.

Capitalizing on Sonoma County's gambling losses, Nevada Gold is developing a casino with the Luiseno Indians in La Jolla. Last year, Schwarzenegger negotiated a sweet deal for the Luisenos and four other most-favored tribes. He improved upon the compacts they originally negotiated with Gov. Davis by increasing the number of slot machines allowed in each casino and promising to exclude non-Indians from competing with the selectively chosen tribes, guaranteeing them regional monopolies on Las Vegas-style gambling through 2030. All of this in return for the relative pittance the tribes contribute to the state budget.

The Republican governor signed off on an identical compact with the United Auburn Indian Community of Placer County, which owns the Thunder Valley Casino near Sacramento. The casino was built with \$215 million borrowed from Station Casinos Inc., a Las Vegas-based casino-development company that is in the process of developing three more casinos with California Indian tribes, including one in Rohnert Park. Station Casinos, which manages Thunder Valley for a quarter of the take, was one of the California Republican party's most generous donors in 2004.

The acquisitive governor has so much of his personal economic interest tied up in ensuring that Indian casinos succeed, it would take a remarkable public servant, indeed, to negotiate gambling compacts that put the state's interests above the jewel in his investment portfolio.

These obvious conflicts (many others have been documented in this space) are grounds enough under common sense to escort Schwarzenegger out of office before the entire state becomes his

personal property. Unfortunately, California's laws are designed to legalize and promote those political reciprocities that a reasonably sane society would felonize as graft.