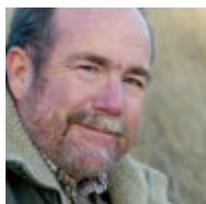


National Exclusive: Former Sen. Barbara Boxer's Son and California Powerbroker Found Bilking Indian Tribe

Darius Anderson and his business partner, Douglas Boxer, preyed upon Native American clients who were too intimidated by their political connections to seek recourse, writes investigative reporter Peter Byrne.

Judges Find Breach of Contract and Trust

By Peter Byrne



Darius Anderson is one of California's most powerful men. He promotes himself as a champion of liberal social causes, a philanthropist, a public servant, a man of integrity who cares about his community—especially racial minorities.

That image has not survived judicial scrutiny. A panel of arbitration judges has found that a company controlled by Anderson and his partner, Douglas Boxer, the son of former Senator Barbara Boxer, defrauded its Native American clients in a Bay Area casino deal. The partners convinced the Federated Indians of the Graton Rancheria to buy undevelopable swamp land in which they themselves held a large interest. They then made a secret deal with a Las Vegas gambling corporation in which they benefited at the Graton tribe's expense.

The two-month long judicial proceeding took place behind closed doors at the San Francisco office of JAMS, a high-profile group of legal mediators formerly known as Judicial Arbitration and Mediation Services. A final binding arbitration award issued in April by the judging panel was confirmed by Superior Court Judge Richard Ulmer on June 1. That outcome has drawn almost no

publicity. The only media to report on the findings of fraud against Anderson and Boxer is the North Bay Bohemian, a local alternative weekly newspaper.

For decades Anderson has advised and raised campaign funds for prominent state Democrats, including Nancy Pelosi, leader of the Democrats in the U.S. House of Representatives, and Jerry Brown, governor of the west coast state.

Another of his high-profile clients is Barbara Boxer, the longtime U.S. senator from California who retired in 2017. Her son Douglas partnered with Anderson in what judges found to be acts of fraud and deception against the [Federated Indians of Graton Rancheria](#) that began after Sen. Boxer pushed through legislation restoring the tribe's sovereignty and granting it the right to run a casino.

The case raises comparisons with the [2005 Jack Abramoff Indian lobbying scandal](#), in which powerful consultants charged exorbitant fees to Indian clients seeking to develop casinos on their reservations. As such it adds another installment to the history of white men breaching trust with Native Americans for economic gain that began with European settlement of this continent. This case has a happier ending than is usual.

Local Empire

Anderson, 53, oversees a restaurant and media empire in Napa and Sonoma Counties, 40 miles north of San Francisco. He owns a culinary school called Ramekins and he is the managing member and chairman of Sonoma Media Investments, which owns the Santa Rosa *Press Democrat* and its affiliate publications, which includes most of the newsprint media in the two-county region. In September, the *Press Democrat* reported a 900-word story about the arbitration findings that portrayed the tribe and Anderson as having settled a contractual "dispute"—the "fraud" word was not mentioned and the details of the deceptions were not exposed.

Anderson is much more than a restaurateur and newspaper publisher.

His California-based lobbying firm, Platinum Advisors, advertises that it generates “billions of dollars in work for our clients” by navigating their deals through mazes of local, state, and federal government bureaucracies. Another of his companies, Kenwood Investments, is developing upscale housing and yacht havens on [Treasure Island](#), a fabulously valuable island in the San Francisco bay built in 1939 as a World’s Fair site.

The business name that is key to this story is Kenwood Investments No. 2. Three retired state judges in the arbitration process declared in April that Anderson and his partners in “Kenwood No. 2” defrauded the [Federated Indians of Graton Rancheria](#) of millions of dollars between 2002–03 and committed many acts of deception. They ordered Anderson’s investment firm to pay three quarters of a million dollars to the tribe to cover its lawyer’s fees and arbitration costs.

According to the judges, Anderson breached his consulting contract with the tribe, which now owns the Graton Resort & Casino in Rohnert Park. The judges found that Anderson and his associates “fraudulently induced” and “breached” an agreement to assist the tribe in developing a Las Vegas-style casino business.

The ruling, by retired Superior Court judges William Cahill, Read Ambler and Richard A. Kramer, concludes a long legal battle that was instigated not by the wronged party, but by Anderson, as he sought to further enrich his business at the tribe’s expense.

In a settlement arrangement, Kenwood No. 2 agreed not to appeal the judges’ findings. Anderson’s firm will pay less than the dollar amount of the award, says Joel Zeldin, the tribe’s arbitration counsel. There are no charges of criminal fraud pending against Kenwood No. 2, but the three judges, one of whom was chosen by Anderson’s firm, did their best to restore justice: “Even if the Tribe was willing to overlook Kenwood No. 2’s unethical behavior, the courts and these arbitrators will not.”

Summary of Violations

The 53-page arbitration report details how Darius Anderson and the senator's son, Douglas Boxer, harmed the Federated Indians of Graton Rancheria over the course of several years. In summing up their findings, the judges' panel found that Anderson and Boxer had violated their duty to be loyal to the tribe in the following ways:

- Anderson and Boxer represented that Kenwood No. 2 had experience and abilities that it in fact lacked.
- Kenwood No. 2 breached its contract when it bought an option on wetlands without telling the tribe, and then promoted the land to the tribe for the casino site despite its unsuitability for development.
- Anderson and Boxer sent out bid solicitations for a casino manager that benefited Kenwood No. 2 at the expense of the tribe and without telling the tribe of the existence of the "requests for proposals" or RFPs.
- They rejected a proposal that was the most favorable to the tribe without telling the tribe or informing it of that bidder's reservations about irregularities in the contractual terms proposed by Kenwood No. 2.
- They entered into undisclosed consulting agreements "to the detriment" of the tribe, some of which involved conflicts of interest.
- "Despite causing major problems and providing virtually no effective assistance to the Tribe," Anderson claimed that it was the tribe that had breached the consulting agreement with Kenwood No. 2. Anderson's pursuit of his "unmerited" claim against the tribe caused it to spend significant amounts of money and to "suffer business risks and distractions."

The judges ordered Kenwood No. 2 to pay the tribe's attorney fees

and costs of \$725,657.48, and to receive nothing for itself.

Anderson did not respond to multiple requests for comment.

Boxer's Role

Boxer was involved as a lobbyist for Platinum Advisors and as Anderson's partner in Kenwood Investments No. 2. His mother, the now-retired U.S. senator, in 2000, wrote federal legislation that restored the national sovereignty of the Federated Indians of Graton Rancheria and authorized the tribe to establish a casino business.

In early 2002, Anderson and Boxer approached the tribe's chairman, Greg Sarris, a novelist and professor of creative writing and Native American studies at Sonoma State University. They proposed that the newly empowered tribal nation hire Platinum Advisors to help it acquire reservation land and start a business to make it self-sufficient. Anderson and Boxer told Sarris that Platinum Advisors had "significant real estate development experience and connections with local, state and federal politicians," according to the arbitration award. They proffered a platform of consulting services for a monthly retainer of \$1,000, with payment deferred and contingent upon success.

Sarris trusted Boxer because the lobbyist's mother had sponsored the legislation that re-established the tribe's sovereignty. After Anderson presented a promise-filled PowerPoint to the tribal council, it voted to hire Platinum Advisors, ultimately paying it \$1.2 million.

Fifteen years later, arbitrators declared that Anderson and Boxer had breached their contract to deliver adequate professional services in the tribe's interest, damaging the casino project's prospects. According to the arbitration document, the Graton Rancheria was afraid to expose these actions when it discovered what Anderson was doing in 2003, fearing political retaliation by the consultants.

The story only came to light because in November 2013, Anderson demanded that the Graton Rancheria pay Kenwood No. 2 a percentage of the projected revenue from its recently opened casino. Anderson insisted that the tribe pay his firm \$43 million; he threatened to compel arbitration if it refused.

The tribe refused. It sued Kenwood No. 2 in state superior court, claiming that its sovereign immunity prohibited Anderson from compelling arbitration of his claim.

In November 2015, the court ruled that the tribe had waived its sovereign immunity defense in its contract with Anderson. In 2017, that judgment was affirmed by the appellate court, and the JAMS arbitration commenced.

Anderson claimed 2.5 percent of the Graton Resort & Casino's net revenue for the first seven years of its operation, despite the fact that after 2005, the tribe had ceased doing business with his company. Insisting that the Graton Rancheria had "unjustly enriched" itself at the expense of his firm, Anderson demanded that it pay his attorney fees, too.

But it was the tribe, not Anderson, that had been wronged, the retired judges ruled. After months of sworn testimony, the panel ordered Kenwood No. 2 to pay the tribe's attorney fees because it was Kenwood No. 2 that had breached the consulting contract, and Anderson's claims to the contrary "lacked merit."

The two trials generated thousands of pages of testimony, depositions and exhibits. The court record of the arbitration award was partly redacted and relabeled at Anderson's request, according to Zeldin, the tribe's arbitration counsel.

Anderson's and Boxer's names are replaced by "Person A" and "Person B," respectively. "Platinum Advisors" is replaced with "Company 1." "Kenwood No. 2" replaced "Kenwood." The names of politicians and descriptions of their actions are blacked out. But who they are and what they did is clear from the narrative context and from

contemporaneous news reports.

How It Began

In March 2002, the Graton Rancheria signed a contract with Platinum Advisors as its “exclusive agent” to provide it with “strategic advice and consultation” and to develop “political visibility.” The contract granted Platinum a right of first refusal to “partner with the tribe in any business opportunity it pursued.” The idea was to attract investors.

From the get-go, Boxer worked to convince the tribe how “‘much of a home run a casino would be’ rather than organic food processing, grape growing, strip mall, or senior assisted living facility,” according to the arbitration award. It did not take much convincing. Casinos are famous magnets for cash. Even as Anderson and Boxer worked with the tribe on a public relations campaign to further a casino project, they were making secret deals to benefit themselves, the arbitrators found.

According to a declaration filed by Anderson in 2015, he, Boxer, Jay Wallace of Platinum Advisors and Stuart Sunshine, a San Francisco city official, created Kenwood Investments No. 2 LLC in January 2003.

The arbitration judges ruled that Anderson’s new company shadowed Platinum Advisors’ tribal consulting activities, while serving a hidden agenda to make money for its principals—at the tribe’s expense.

Without informing Sarris or the tribe, Anderson and Boxer struck a deal to buy 1,736 acres of tidal wetlands near Highway 37, a major road connecting San Francisco to the nearby city of Oakland.

Kenwood No. 2 paid \$100,000 for an option to purchase the swampy property, eventually billing the tribe \$750,000 for it.

As Kenwood No. 2 was secretly securing the option, Platinum

Advisors was advising the tribe to select the Highway 37 site for its casino, even though it was a politically impossible place to pour acres of concrete.

“The site was part of 50,000 acres of tidal wetlands that conservationists had been trying to protect and restore since the 1970s,” noted the arbitration judges, who were incredulous that Anderson had suggested it. The attempt to locate the casino on the wetlands site proved to be a public relations and monetary disaster for the tribe.

As Anderson and Boxer were negotiating to buy the swampy land in late 2002, they were also negotiating casino-management deals with several Las Vegas-based casino operators, including Station Casinos, Harrah’s, Maloof and MGM, without telling the tribe.

In February 2003, Anderson sent a request for proposals to potential casino operators. The proposal represented Kenwood No. 2 as the “exclusive development partner” and “financial advisor” for the tribe. The RFP stated that Kenwood No. 2 would evaluate the bid proposals and select the casino manager for the tribe.

Kenwood No. 2 had no contractual relationship with the Graton Rancheria when it issued the RFP. The tribe’s contract was with Platinum Advisors.

According to the arbitration award, “the evidence established that the Tribe was unaware that Kenwood No. 2 had sent an RFP to operators and had not approved the contents of the RFP drafted by Kenwood No. 2.”

Strange Bidding Terms

The trial revealed that Anderson’s RFP instructed potential casino operators to bid their services on the basis of several unusual assumptions:

- The operator would commit to buying Kenwood No. 2’s option to

purchase the Highway 37 land and then buy the land from the seller on behalf of Kenwood No. 2, which would be the "titleholder." The RFP assumed that the casino would be built on the Highway 37 site controlled by Kenwood No. 2 and that there were no other possibilities.

- The operators could charge the tribe 20 percent of the casino's net revenues and were to "assume a management fee to Kenwood No. 2 of 10 percent of net gaming revenues."
- The operators would pay Kenwood No. 2 "development fees" of \$2.5 million up front to purchase the option on the Highway 37 site, and another \$2.5 million when the tribe took over the site—\$5 million total.
- "Lastly, operators were required to pay Kenwood No. 2 'pre-development fees' of \$8.4 million (\$200,000 per month) for advisory and consulting services."

The operators were not required by the RFP to make upfront cash payments to the tribe, or to provide any specific amounts of money for the tribe's maintenance costs (i.e., its ability to maintain its existence until the casino began generating revenue).

Anderson received and evaluated four responses to the RFP, which he did not share with the tribe. Notably, Harrah's proposed to take up to 24 percent of the net gaming revenue as its management fee. Improving on the terms of the RFP itself, Harrah's offered to pay \$100,000 a month to the tribe for its operating expenses, along with a \$4 million pre-development fee. Harrah's also offered to donate \$100,000 per year to set up an educational scholarship fund for tribal members. And it offered to make a one-time \$25 million "quality of life" loan to address tribal citizen's needs for housing and medical care.

Harrah's declined to pay a percentage of net revenues to Kenwood No. 2, although it offered to pay Anderson \$50,000 a month in consulting fees, if the tribe approved of the arrangement. Harrah's

pointed out that such an arrangement with a consultant was not a normal business practice; it would have to be approved by the National Indian Gaming Commission.

Harrah's expressed concern about the legitimacy of Anderson's claim to be representing the tribe's interests. It asked to be put directly in touch with the tribal council before proceeding further. Anderson rejected Harrah's proposal without consulting with Sarris and the tribal council or informing them of the proposal's existence.

Watch Peter B. Collins interview Peter Byrne on Boxer, Anderson fraud (Article continues below):

A Better Deal—For Anderson

Station Casinos' response to the RFP was far more favorable toward Anderson. It suggested that Kenwood No. 2 and Station Casinos partner to manage the casino. It proposed divvying up 30 percent of the casino revenues—20 percent to Anderson's firm, 80 percent to Station.

The Las Vegas-based corporation offered to pay Anderson \$10 million cash up front and \$15,000 a month for consulting services. It offered \$100,000 a month for tribal operations, but it did not offer the tribe any pre-development fees, scholarships or loans.

On March 7, 2003 Anderson and Boxer asked the Graton Rancheria to assign the Platinum Advisors contract to Kenwood No. 2, and claimed it would not change the terms of the agreement.

But the assignation did change the terms of the agreement. The new arrangement gave Kenwood No. 2 new authority to act as the tribe's exclusive agent. Kenwood No. 2 was allowed to negotiate a cut of the casino operator's management fee for itself. And, importantly, the tribe agreed to waive its sovereign-immunity defense in the case of a contract dispute—a concession it later regretted.

Anderson and Boxer had been negotiating with gaming corporations since the fall of 2002. They first told Sarris and the tribe that they had issued RFPs on March 11, 2003.

Brian Campbell, a tribal member doing legal work for the tribe, got wind of the RFP and asked Boxer for a copy. Boxer gave Campbell a copy but did not tell him about the responses that had been received.

Boxer later testified under oath that he had given drafts of the RFP to the tribe before it was sent out in 2002. The tribe's witnesses testified that Boxer did not do that. Campbell testified that he was surprised that Anderson had asked for 10 percent of the gaming revenues and \$5 million in upfront fees in the RFP.

On March 14, 2003, Anderson told the tribal council about the existence of RFP responses. He did not disclose Harrah's offer to the tribe of tens of millions of dollars in cash.

Anderson told the tribe that Station Casinos had made the best proposal for "superior overall economics."

Even as members expressed outrage at Anderson's self-dealing behavior, the tribal council accepted his recommendation that Station Casinos be selected as its casino operator.

Time to Hire Lawyers

Suspecting that Anderson was more motivated to benefit himself than the tribe, the Graton Rancheria hired attorneys from California Indian Legal Services to watch over its interests. These lawyers noted that it was a conflict of interest for Anderson to negotiate with Station on behalf of the tribe while he was also negotiating with Station on his own behalf for a cut of the management fees. Anderson agreed that he would not negotiate a separate deal.

On April 22, 2003, the tribe signed the revised agreement with Kenwood No. 2. It provided that Anderson's company would receive 4

percent of the net gaming revenues for seven years (later reduced to 2.5 percent). Anderson agreed to donate \$25,000 annually to the UCLA College of Indian Law Program. (UCLA declined to confirm if the donations were made.)

The next day, according to trial exhibits, Anderson secretly made a separate consulting agreement with Station Casinos, despite his promise that he wouldn't.

Kenwood No. 2 contracted to assist Station Casinos "maintain its relationship" with the tribe. Station Casinos agreed to pay Anderson \$20,000 per month and it bought the option on the Highway 37 site for \$750,000, netting Kenwood No. 2 a \$650,000 profit. (The tribe later reimbursed Station for the option payment).

Station Casinos agreed to pay Anderson a total of \$9.5 million for achieving various "milestones" as it helped the tribe to navigate the bureaucracy of getting its casino up and running.

Anderson did not tell the tribe about his side deal with Station Casinos. "The evidence indicates that Kenwood No. 2 intentionally kept information regarding the Station/Kenwood No. 2 agreement secret from the Tribe," the arbitrators found. "[Exhibit] 490 [Douglas Boxer] notation: 'don't tell Sarris: negotiation.'"

Boxer did not respond to multiple requests for comment.

In fact, the tribe did not learn of the secret side agreement's existence until June 2003, when Station Casinos included a copy of the side agreement in the paperwork accompanying its negotiations with the tribe, the arbitrators found. Station Casinos declined to comment.

Picking on the Wrong Wetland

On the same day they signed the side agreement, Station Casinos and Anderson announced that the Graton Rancheria planned to develop the Highway 37 site for a casino. A coalition of environmental groups

that supported the Bay Delta Restoration Plan to restore local wetland habitats enlisted local, state and federally elected officials to vehemently oppose erecting the casino.

The tribe's attempt to "appease these groups by offering to restore hundreds of acres of wetlands on the property" was a non-starter. After Diane Feinstein, a U.S. senator from California, "threatened to redraft the Tribe's restoration language to obstruct the Tribe's ability to open a casino anywhere," the Graton Rancheria backed down and nixed the wetlands as a possibility.

The tribe ended up paying for and donating the Highway 37 wetlands to the Sonoma County Land Trust, which has restored it. The wetlands debacle ended up costing the tribe about \$5 million, which included paying for the unusable land and for Kenwood No. 2's profit on the land-purchase option.

Without Anderson's assistance, Sarris and the tribe went looking for an alternative site to build their casino, and eventually bought 270 acres in Rohnert Park for \$100 million, which it borrowed from Station Casinos. The tribe had little or no contact with Anderson and Boxer after 2005, when it stopped using their services.

Boxer testified that Kenwood No. 2 did significant work for the tribe prior to 2006. The trial record reports that in 2004 Boxer "'killed' a bill" in the state assembly that would "require gaming tribes to negotiate with local governments to mitigate the impact of casinos."

Boxer said at trial that he had designed publicity and lobbying campaigns for the tribe; helped it to create a financial budget and to find office space; and "assisted tribal members in securing personal loans."

The arbitrators determined that lobbying on the tribe's behalf violated California law because Kenwood No. 2 was not a registered lobbying firm. Regardless, the judges found that Anderson and Boxer

did not materially assist the tribe in jumping through the complicated governmental, environmental and financing procedures necessary to obtain a gaming compact and open the casino.

Sarris testified that the tribe felt that "Kenwood No. 2 was providing little or no value . . . and the Tribe wanted to sever its relationship with [Anderson and Boxer] but was afraid that if it did so, [they] might retaliate and use [their] political connections against the Tribe."

The tribe estimated that it ended up paying Kenwood No. 2 \$10,000 an hour for the services it did receive before the contract ended.

Nonetheless, the tribe invited Anderson and Boxer to attend the opening party for the Graton Resort and Casino on Nov. 5, 2014. That same day, Anderson demanded that the Federated Indians of Graton Rancheria wire a payment of \$43 million to his bank account.

A version of this story was first published on Bohemian.com as "Graton Expectations."

Northern California-based journalist Peter Byrne combines investigative reporting with science writing. In 2017, Peter's 11-part series in the Point Reyes Light "Busted: Breast Cancer Money and the Media" won the top science writing award from the American Association for the Advancement of Science. He has received national, regional, and local recognition for investigative work, writing style, and in-depth profiles of politicians and scientists. Peter reports on terrorism and its twin, counter terrorism, from epicenters of violence such as Mosul, Iraq and Orange County, California. He has written highly regarded books on quantum physics and writes for many publications, including Scientific American, New Scientist, Quanta, American Consequences, Mother Jones, and

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