

SAN FRANCISCO AND CALIFORNIA CORRUPTION

Former deputy director of California tax agency says he was fired for whistleblowing



Patrick McGreevy



The state Capitol

(Rich Pedroncelli / Associated Press)

A former deputy director of the state Board of Equalization said Tuesday he was improperly fired this month after cooperating with a state Department of Justice investigation into allegations that agency officials improperly used public resources.

Mark DeSio was fired Oct. 12 as the director for external affairs of the California Department of Tax and Fee Administration, which recently was split off from the board in an agency shakeup. He has filed a whistleblower complaint and appeal to the state Personnel Board seeking reinstatement to his position.

He alleges the agency before its split up was rife with nepotism and that there is improper hiring and use of employees from one fund to instead help elected board members in field offices.

“For more than a year, DeSio gave information about the BOE to the Department of Justice and several state agencies and auditors, right up until the time of his firing,” said a press release from his attorney, Mary-Alice Coleman. “Despite being pressured, DeSio refused to engage in certain activities. DeSio’s job was threatened multiple times during the course of his employment.”

In April, Gov. Jerry Brown called for a Justice Department probe of allegations that employees of the state Board of Equalization misused state resources assigning high-paid tax auditors to tasks such as directing traffic for community events promoting elected board members. Brown also set in motion steps that broke up the agency in June, putting the five-member board in one office, and tax collection and appeal system in two other offices.

At the time, Brown cited “serious problems” of mismanagement identified in a Department of Finance audit of the agency, which is responsible for collecting \$60 billion in tax revenue annually.

DeSio said he has also provided information on alleged improprieties to the state Fair Political Practices Commission, which investigates political wrongdoing.

Days before he was notified of his termination, DeSio said he told Department of Justice investigators that the board had “misused” 30 information officer positions as personal staff for board members.

He also said supervisors overruled him when he refused to hire 10 new call center employees from funds not set aside for that purpose. He said 10 people were hired even after Brown had revoked the agency’s hiring power.

DeSio’s complaint alleges that in August 2016, board member Jerome Horton “pressured” DeSio to promote a particular employee who was funded by DeSio’s office, but actually worked in Horton’s office.

When DeSio refused, saying the employee was not the top-scoring candidate, the complaint says Horton became angry and his chief of staff threatened DeSio. Board Executive Director David Gau, the complaint alleges, contacted Desio and “told him to either do what Horton wanted or be fired.”

After meeting with Department of Finance auditors, DeSio said he was contacted by Horton in November 2016. “Horton demanded to know what DOF had asked and what documentation Desio had provided in response.” DeSio said he refused to disclose what he gave the auditor.

“Horton threatened DeSio, saying, 'I only need one more vote to take you out,’” the complaint alleges.

Horton disputed the allegations.

“If he has filed a complaint, the facts will show that I had an excellent professional relationship with Mr. DeSio and the allegations are not true, I had nothing to do with his termination,” Horton said in a statement.

Gau did not immediately respond to requests for comment.

DeSio also alleged multiple cases of nepotism in the agency. In one example, he alleges agency officials “improperly orchestrated the hiring” of the man whose wife worked for a top manager at the agency.

Updated at 3 pm to include comment from Board member Jerome Horton.