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FIRING OF THE U.S. ATTORNEY FOR NEW MEXICO

Domenici Sought Iglesias Ouster

Senator Appealed To White House

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Albuquerque Journal

BY MIKE GALLAGHER
Journal Investigative Reporter

Former U.S. Attorney David Iglesias was fired after Sen. Pete Domenici, who had been unhappy with Iglesias for some

time, made a personal appeal to the White House, the Journal has learned.

Domenici had complained about Iglesias before, at one point going to Attorney General Alberto Gonzales before taking his request to the president as a last resort.

The senior senator from New Mexico had listened to criticism of Iglesias going back to

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IGLESIAS: His name was on resignation list



DOMENICI: Senator went to President Bush

■ Sheriff, DA, banker and party activists all complained to Domenici

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BY MIKE GALLAGHER
Journal Investigative Reporter

In 2005, Dona Ana County District Attorney Susana Martinez had a nearly beheaded teenage corpse on a ditch bank.

In 2006, Bernalillo County Sheriff Darren White had a deputy dead in the East Mountains.

Federal law enforcement agencies led by the FBI were there to help.

But Martinez and White said they had to kick and scream to get the attention of the U.S. Attorney's Office, run by fellow Republican David Iglesias.

Martinez threatened to go to the president of the United States to get help in her case. It worked, and federal prosecutors took over the drug-related kidnapping and homicide.

White's investigators wanted help from federal prosecutors in getting wiretaps in their investigation into the slaying of Deputy James

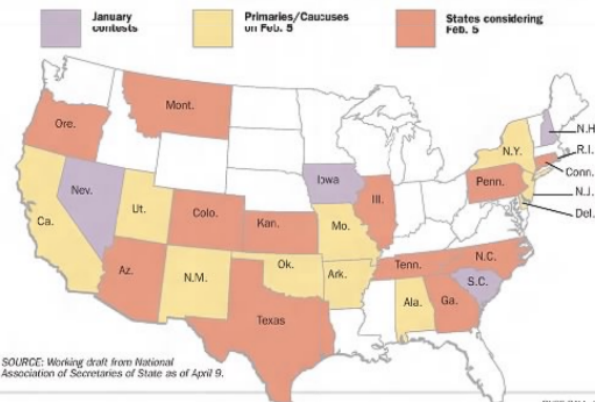
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Iglesias Had Varied Critics During Career



'POWERBALL' PRIMARY

With states moving up their contests, will second-tier candidates like Bill Richardson lose out?



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Albuquerque Journal

BY JEFF JONES
Journal Politics Writer

One political pro is calling it the "Powerball Primary." The question is whether second-tier presidential candidates like Gov. Bill Richardson will wind up holding the winning—or losing—tickets.

An unprecedented number of states are clamoring to schedule their 2008 presidential nominating

contests on Feb. 5.

At last count, nearly two dozen states—including biggies such as California, New York and Texas—had either scheduled their contests at the top of the calendar or were considering it.

And some observers believe that cramming so many nominating contests into a single, historic Super Tuesday could leave lesser-known, lesser-funded candidates like Richardson in a political crunch.

"The more states that pile on to certain dates—particularly with the Feb. 5 date—the more it will take to

get out (a candidate's) message and be a viable competitor," said Kay Stinson, a spokeswoman for the nonpartisan National Association of Secretaries of State, which is trying to reverse the trend of the so-called "front-loaded" primary schedule. "It's going to require an enormous sum of money—an unprecedented level—in order to compete."

The Richardson campaign, meanwhile, said it doesn't see the Powerball Primary—a nickname

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Top PNM Execs Seeing Big Raises

Improved Company Performance Cited

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Albuquerque Journal

BY JACK KING
Journal Staff Writer

PNM executives have warned that higher electric and gas costs are on the way. Their salary and incentive packages are already on the rise.

The top executives at New Mexico's largest utility are seeing hefty compensation increases this year because the company has significantly improved its performance, company spokesman Marc Christensen said.

Chairman, president and CEO Jeff Sterba's compensation rose 37 percent, to a total of \$1,555,160, according to parent company PNM Resources proxy statement for 2007.



STERBA: Compensation package totals \$1,555,160

His base salary rose to \$742,308 from \$726,173, while his incentive plan cash totaled \$812,852, compared to \$410,496 in 2005.

Last year was a successful one for PNM, which saw its stock rise and made major acquisitions.

Christensen said PNM's stock closed at \$31.10 at the end of 2006, up from \$24.49 at the end of the previous year. The purchases of Texas-New Mexico Power and Twin Oaks Power station, plus improved efficiencies company-wide helped drive the higher earnings.

Other top executives and their 2006 packages include: Alice Cobb, senior vice president and chief administrative officer, received a 49 percent increase, to a total of \$457,445. Her base salary rose to \$276,231 from \$236,577 the previous year, while her incentive plan cash totaled \$181,214, compared to \$71,423 a year earlier.

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Dancing Up A Storm



Alamogordo teens have a chance at a hip-hop world title B1

American Home Week



Indicators show the Albuquerque area's residential real estate market remains strong INSIDE

Domenici Sought Iglesias Ouster

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2003 from sources ranging from law enforcement officials to Republican Party activists.

Domenici, who submitted Iglesias' name for the job and guided him through the confirmation process in 2001, had tried at various times to get more white-collar crime help for the U.S. Attorney's Office — even if Iglesias didn't want it.

At one point, the six-term Republican senator tried to get Iglesias moved to a Justice Department post in Washington, D.C., but Iglesias told Justice officials he wasn't interested.

In the spring of 2006, Domenici told Gonzales he wanted Iglesias out.

Gonzales refused. He told Domenici he would fire Iglesias only on orders from the president.

At some point after the election last Nov. 6, Domenici called Bush's senior political adviser, Karl Rove, and told him he wanted Iglesias out and asked Rove to take his request directly to the president.

Domenici and Bush subsequently had a telephone conversation about the issue.

The conversation between Bush and Domenici occurred sometime after the election but before the firing of Iglesias and six other U.S. attorneys were announced on Dec. 7.

Iglesias' name first showed up on a Nov. 15 list of federal prosecutors who were asked to resign. It was not on a similar list prepared in October.

The Journal confirmed the sequence of events through a variety of sources familiar with the firing of Iglesias, including sources close to Domenici. The senator's office declined comment.

The House and Senate Judiciary committees are investigating Iglesias' firing as well as the dismissals of six other U.S. attorneys.

Gonzales, the embattled attorney general whose job is likely in the balance, is scheduled to testify Tuesday before the Senate Judiciary Committee.

Senate and House Democrats



President Bush gives Sen. Pete Domenici a hug at Santa National Laboratories in 2005 before Bush signed a major energy bill Domenici pushed through the Senate.

have focused on a telephone call Domenici made to Iglesias in October.

Iglesias testified before the congressional committees that Domenici called him at home and asked if indictments were imminent in a public corruption investigation of Albuquerque's Metropolitan Court-house construction. Iglesias told him indictments were not expected anytime soon.

Iglesias testified that Domenici said, "I'm very sorry to hear that." And then hung up. Iglesias said he felt "pressured" and "violated" by the telephone call but did not report it to Justice Department headquarters as required.

Domenici has admitted and apologized for making the call, but he denied pressuring Iglesias. He has also said he didn't mention the election.

Domenici has accused Domenici of attempting to influence the outcome of a tight

congressional race between incumbent Republican Heather Wilson and former state Attorney General Patricia Madrid.

Wilson won the election by fewer than 900 votes.

Iglesias could not be reached for comment. He was reportedly out of the country on Navy duty.

A spokesman for Domenici's office said they were not prepared to comment at this time.

Looking for a paper trail
Exactly how Iglesias' name came to be included on a Nov. 15 list of U.S. attorneys to be fired has been a mystery House and Senate Democrats have been trying to unravel.

There are gaps in documents provided to Congress by the Justice Department about the firings and other records are severely redacted.

Gonzales' former chief of staff, Kyle Sampson, said he



Four former U.S. attorneys are sworn in to testify before the Senate Judiciary Committee last month. From left, Carol Lam, David Iglesias, John McKay and H.E. "Bud" Cummins.

couldn't give a reason for Iglesias' firing during his testimony before Congress last month. He did say that if a U.S. attorney wasn't succeeding politically, he wasn't succeeding.

Documentation that has been turned over to Congress doesn't indicate problems with Iglesias' performance from the Department Justice point of view.

The documents reveal Domenici called Gonzales and his deputies on several occasions in 2005 and 2006.

In an undated memo, a Gonzales aide wrote, "Domenici says he doesn't move cases," in reference to Iglesias.

New Mexicans who complained directly to the Justice Department about Iglesias said they learned he was held in high regard by Gonzales and his staff.

At least one memo shows Iglesias was offered a job heading the Executive Office of U.S. Attorneys in Washington, D.C.

Iglesias turned the job down. That job offer, according to several sources, was made at the prodding of Domenici.

According to sources, Iglesias was also considered for U.S. attorney for Washington, D.C., and other administrative posts at department headquarters.

Iglesias was apparently unaware that Domenici was unhappy with his job performance when he turned those jobs down.

White-collar crime

In September 2005, Iglesias announced the arrests of state Treasurer Robert Vigil and his predecessor, Michael Montoya, on extortion charges. Both are Democrats in a state where Democrats control the Legislature and most statewide offices.

Republicans who had complained about political corruption in the state for years saw an opportunity to do more than complain. And this was an issue with political traction.

The point man would be Iglesias.

During one of his few news conferences while U.S. attorney, Iglesias called political corruption "endemic" in New Mexico.

The FBI also put a high priority on public corruption, naming it its top priority behind terrorism.

According to Justice Department memos turned over to congressional investigators, Domenici approached Iglesias in late 2005 and asked if he needed additional prosecutors for corruption cases.

Iglesias, according to the memo, told Domenici he didn't need white-collar crime prosecutors. He needed prosecutors for immigration cases.

Domenici was disappointed in the response. After that conversation, Domenici decided he would try to get Iglesias help, whether Iglesias wanted it or not.

In 2006, Domenici asked Gon-

zales if he could find additional experienced white-collar crime prosecutors to send to New Mexico. Gonzales had a number of prosecutors who were finishing the ENRON prosecutions and were quite experienced at complex white-collar crime cases.

None was sent here.

Within Iglesias' own office, prosecutors suggested moving more attorneys into the White Collar Crime-Public Corruption section in 2005 because the FBI was developing more cases and leads than the section could handle in a timely fashion.

Iglesias was initially enthusiastic about the idea but didn't follow through after consulting senior staff.

Treasurer's Office scandal

Montoya and others pleaded guilty in the Treasurer's Office scandal. Vigil went to trial in April 2006. After more than five weeks, a mistrial was declared. Several jurors said one holdout prevented conviction on at least some charges.

The second trial in September ended in one conviction on attempted extortion and acquittal on 23 counts. Vigil has been sentenced to 37 months in prison.

After the first trial, then Attorney General Madrid indicted key prosecution witnesses in the federal case based on their testimony. She said Iglesias hadn't been tough enough in cutting plea deals and hadn't worked out an agreement with her office.

As a result, one key witness refused to testify in the second trial.

During this time, the much-publicized courthouse investigation was essentially put on the shelf. The lead prosecutor in the U.S. Attorney's Office was handling both the Vigil trials and the courthouse investigation.

Delays in the courthouse case led to frustration among Republicans who had tried to shake Madrid's track record on ethics and corruption cases an issue in the Madrid-Wilson race.

Indictments in the courthouse case were announced last month.

Ex-U.S. Attorney Had Varied Critics During Tenure

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McGrane. White said they threw up their hands and faltered on assistant Bernalillo County prosecutor back to his office and spent the night typing wiretap affidavits for a state judge's signature.

Martinez took a laundry list of complaints about Iglesias to Sen. Pete Domenici, R-N.M. Iglesias was Domenici's "guy," Domenici walked Iglesias' nomination through the Senate. If Iglesias wouldn't listen, maybe Domenici would.

White had a laundry list, too. He not only took it to Domenici but carried it over to Iglesias' bosses at the U.S. Department of Justice.

Domenici began receiving complaints about Iglesias in 2003 and initially centered on the prosecutor's frequent absences.

John Ashcroft was U.S. attorney general at the time and had appointed Iglesias to numerous Justice Department committees that took him out of state. Also, Iglesias had active duty under his Naval Reserve commitments.

The complaints tended to come in bunches but increased in 2004 as the presidential election drew closer.

New Mexico Republicans were angry at what they thought was a lack of action by Iglesias in dealing with fraudulent voter registration forms turned in by some organizations that paid people to register new voters.

Domenici and his staff apparently believed Iglesias could handle the issue with news conferences and a few referrals to state prosecutors.

But state Republican leaders soured on Iglesias over the issue, and Domenici's staff began having doubts about whether he had the public relations skills they were counting on.

A spokesman for the U.S. Attorney's Office said the office was not going to comment about any perceived disputes with other law enforcement agencies.



A Santa Ana police officer searches a car in Bernalillo in March 2006 during the hunt for Michael Pat Astorga, who is accused of killing Deputy James McGrane. Bernalillo County Sheriff Darren White says the U.S. Attorney's Office didn't give the department enough support in the search.

Multiple complaints

As time passed, Domenici heard complaints about Iglesias' high law enforcement officials, current and former assistant U.S. Attorneys, lawyers practicing in federal court, state Republican Party leaders and some crime victims.

One of the people complaining was White, another up-and-coming Republican.

While unhappy with Iglesias' handling of the voter registration problem, he was also upset about law enforcement issues.

In the spring of 2006, White took his complaints directly to the Department of Justice where he met with Attorney General Gonzales' chief of staff, Kyle Sampson and others.

"They loved David (Iglesias)," White said. "I started in on my complaints and they pulled out a sheet. They told me there couldn't be a problem. David had great numbers."

Having "great numbers" on immigration, narcotics and illegal firearms prosecutions was

important at the upper echelon of the Justice Department, take the narcotics cases but to

But critics say the numbers can be deceiving.

"It doesn't matter if the case is a complicated, multi-defendant conspiracy or a mule (a person transporting the border)," one federal prosecutor told the Journal. "Those cases are essentially the same when reduced to the numbers."

The temptation is to take the simpler "mule" cases over those more difficult to prosecute that might have significant impact on drug trafficking.

White had committed his investigators to a federal investigation involving multiple homicides connected to a group of drug dealers.

Federal prosecutors opted to take the narcotics cases but to White's chagrin they left the homicides to be prosecuted in state court, where penalties tend to be lighter.

"Everyone likes David per-

sonally, but it was getting to the point that every case had to be wrapped with a nice pretty bow before his office would take it," White said. "And I'm not alone. I know a lot of other law enforcement agencies felt the same way."

The U.S. Attorney's Office had spearheaded an investigation into the shooting deaths of three teens in the East Mountains, tied to the theory that the killings were part of a drug deal.

That investigation ended abruptly and White's investigators were left to pursue the investigation for years without help from federal prosecutors.

Sheriff's investigators finally made an arrest this year and a defendant is awaiting trial in state court.

White was also upset about what he viewed as lack of support after McGrane was shot and killed during a traffic stop in Tijeras.

Investigators wanted wiretaps to help track down the suspect, Michael Astorga. White says the U.S. Attorney's

"Everyone likes David personally, but it was getting to the point that every case had to be wrapped with a nice pretty bow before his office would take it."



BERNALILLO COUNTY SHERIFF DARREN WHITE

Office was less than helpful, the FBI threw its full weight behind the hunt.

"Basically, they gave all the reasons we couldn't get federal wiretaps," White said. "The (state) District Attorney's Office got them for us."

Astorga was eventually tracked down with the help of the wiretaps in Mexico and brought back to New Mexico to face charges in McGrane's shooting.

Trouble in Las Cruces

District Attorney Martinez has 24 prosecutors in her Las Cruces office, handling everything from DWIs to homicides.

There are 26 prosecutors in the U.S. Attorney's Office in Las Cruces, who for the most part process illegal immigration cases.

Federal prosecutors in Las Cruces have also complained to Domenici's staff and the Justice Department about Iglesias in recent years.

Justice Department reports show officials in Washington were concerned about low morale in Las Cruces. Prosecutors there complained they were "processing" large case loads of immigration cases rather than prosecuting criminal cases.

Martinez said she got no response when she asked the U.S. Attorney's Office for help on a group of teenage immigrant smugglers operating below the federal prosecutors' radar.

White had figured out what the federal threshold was for prosecution (the number of aliens a smuggler has to be tied to by the U.S. Attorney would take a case) so

they would bring in fewer aliens than the feds would prosecute," Martinez said.

"I had complaints from Hatch and held a town meeting," she said. "The U.S. Attorney's Office didn't send a representative."

She also said she had to raise a stink before the U.S. Attorney's Office agreed to take over a drug/kidnapping/murder case that originated in Texas and ended in Doña Ana County.

"It shouldn't be a struggle to get them to prosecute," she said.

It got to the point Martinez said, "Where you don't even make the call because you know they won't respond."

Funds held up

New Mexico law enforcement agencies were expecting to get about \$8 million this year from the U.S. Office of National Drug Policy.

That money was supposed to finance the New Mexico High Intensity Drug Trafficking Area, or HITDA, program, which pays for local narcotics agents' overtime, money for undercover operations, wiretaps and other costs for narcotics enforcement.

That money is being held up by the federal drug czar's office because of problems dating back to 2003 that haven't been corrected by the local executive board overseeing the program.

The U.S. Attorney's Office has a seat on that board, but past U.S. attorneys have served as chairmen.

"David Iglesias never came to a seat on that board," White said. "Iglesias would take a case" so

Raises Linked to Improved PNM Performance

from PAGE A1

■ Patrick Ortiz, senior vice president and general counsel, received a 29 percent increase, to a total of \$391,353. His base salary rose to \$257,970 from \$245,538, while his incentive plan cash totaled \$133,383, compared to \$88,463.

■ William Real, senior vice president of public policy, received a 21 percent increase, for a total of \$427,383. At \$284,000, his base salary didn't change from the previous year, but he received a \$10,000 bonus. His incentive plan cash totaled \$133,383, compared to \$68,463 the previous year.

■ Charles N. Eldred, senior vice president and chief financial officer, who was hired in January 2006, received a total of \$477,873 with a base salary of \$290,769 and incentive plan cash of \$187,104.

Christensen said all executives received normal base salary increases, which were approved by a compensation committee of the Board of Directors.

Sterba's total is highest, because, as chief exec-



COBB: Received a 49 percent increase



ORTIZ: His incentive plan cash totaled \$133,383



REAL: He got a \$10,000 bonus

utive, he received a higher percentage of his salary from the performance-based incentive package.

Cobb's 48 percent raise, the highest percentage increase of any of the executives, came because of his increased responsibilities as director of administration, general service and information technology, the company said.

Real received a bonus rather than a salary increase, because he is at or near the top of his salary range, according to PNM.

PNM employees received an average pay increase of 3.5 percent in 2006, Christensen said.

The utility in February asked state regulators to approve an electric rate increase from 10 percent to 14 percent, depending on the customer type, for 2008. The average residential bill would go up 13.7 percent to \$644.16 a year, a \$69.84 annual increase, according to the company.

Christensen said PNM executives' pay is in the mid-range of executives at comparable utilities in the United States.

He noted that changes in reporting required by new federal Securities and Exchange Commission regulations slightly change the way the company reports compensation.

The new reporting format combines cash bonuses with cash payments in the company's long-term incentive package into one category called "non-equity incentive plan," making bonus payments appear larger than in previous years, he said.

Compensation packages for 2007

Chairman Jeff Sterba
\$1,555,160

CFO Charles Eldred
\$477,873

CAO Alice Cobb
\$457,445

General counsel Patrick Ortiz
\$391,353

William Real, president public policy
\$427,383

— Source: PNM Resources proxy statement for 2007

Iglesias Had His Varied Critics

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to the meetings," said Martinez. "He didn't send his number two or number three."

She said one of the "specific findings" that led to freezing the money was lack of participation by Iglesias or one of his top deputies.

The federal money pays for some of Martinez's prosecutors who handle the hundreds of drug cases the U.S. Attorney's Office hands off to state prosecutors.

Martinez said the program is operating with money from the last fiscal year and said the board consisting of prosecutors and representatives of state and federal law enforcement agencies is working to correct the situation.

"It has the potential to impact the entire state and didn't have to happen," Martinez said.

A Democratic prosecutor who didn't want her name involved concurred with Martinez's view of Iglesias' job performance.

'Justice denied'

Las Vegas, New Mexico, banker Robert Levenson doesn't normally deal with prosecutors. But in 2002 he believed the

bank was being defrauded through a check kiting scheme involving a local company.

Millions of dollars were involved, but the case wasn't indicted until October 2004. It was plea bargained last year and probationary sentences were handed down.

Levenson took his complaints about the U.S. Attorney's Office to Domenici three years ago.

"I believe justice delayed is justice denied," Levenson said. "We have been advised to not specifically comment on the case as it remains unresolved after more than five long years."

He says he was happy Iglesias was fired.

Was he qualified?

In the end, David Iglesias was something of a favorite in the Justice Department while Domenici was a critic. That was a role reversal of sorts.

Before he was confirmed by the Senate in 2001, career Justice Department attorneys approached Domenici's staff and questioned whether Iglesias' prior experience prepared him for the job in what they considered a "tough border state."

Domenici had pushed Iglesias for the job, giving his name to the president. The

senator's staff downplayed those concerns, concentrating on Iglesias' "political upside" including his military service, Hispanic heritage and religious beliefs.

Telegenic and poised in front of television cameras and able to give a good speech in front of an audience, he was seen as a natural for future political office.

They believed, according to several sources, that at the outset Iglesias would be the public face while the many veteran prosecutors in the office would give him time to learn the ropes.

But from Domenici's point of view, even those relatively low expectations went unfulfilled.

The office under Iglesias had one of the lowest media profiles in the country with a part-time media person, few press releases, no Web site and few public appearances.

This was part of a conscious decision within the office where the media was seen as an "enemy" and publicity could only hurt.

At his farewell news conference, Iglesias joked that he was often referred to as the "District Attorney" and that many New Mexicans were unfamiliar with what his position actually was.

'Tiny Bubbles' Singer Don Ho Dies at Age 76

By JAYMES SONG
The Associated Press

HONOLULU — Legendary crooner Don Ho, who entertained tourists for decades wearing raspberry-tinted sunglasses and singing the catchy signature tune "Tiny Bubbles," has died. He was 76.

He died Saturday morning of heart failure, publicist Donna Jung said.

Ho had suffered with heart problems for the past several years, and had a pacemaker installed last fall. In 2005, he underwent an experimental stem cell procedure on his ailing heart in Thailand.

Ho entertained Hollywood's biggest stars and thousands of tourists for four decades. For many, no trip to Hawaii was complete without seeing his Waikiki show — a mix of songs,

jokes, double entendres, Hawaii history and audience participation.

Shows usually started and ended with the same song, "Tiny Bubbles." Ho mostly hummed the song's swaying melody as the audience enthusiastically took over the familiar lyrics: "Tiny bubbles in the wine/make me happy/make me feel fine."

"I hate that song," he often joked to the crowd. He said he performed it twice because "people my age can't remember if we did it or not."

The son of bar owners, Ho broke into the Waikiki entertainment scene in the early 1960s and, except for short periods, never left. Few artists are more associated with one place.

"Hawaii is my partner," Ho told The Associated Press in 2004.

Donald Tai Loy Ho, who was Hawaiian, Chinese, Portuguese, Dutch and German, was born Aug. 13, 1930, in Honolulu and grew up in the then-rural countryside of Kaneohe.



HO: Died of heart failure