

Tangled web of connections in DOJ's investigation in Napa

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If it had happened even six months ago, Beth Nelsen probably would have pounced on the news. But the documentary filmmaker and mom has backed away from her citizen sleuthing recently, and has been splitting time between Napa and Portland, Oregon.

Still, it's hard not to notice that the information the Department of Justice subpoenaed from Napa County in December is practically an outline of the many threads Nelsen has documented on napacountycash.com, the website she created while locked down during the COVID-19 pandemic in 2020.

Mentioned in the federal subpoenas are names that became staples on Nelsen's site, including developer George Altamura Sr., vintner Charles Wagner, property owner Peter Read, vineyard manager Esteban Llamas and his corporation Viñedos AP, Pacific Hospitality Group and its Meritage Resort.

For more than three years, Nelsen has been drawing out what she believes are inappropriate connections among some of Napa Valley's most powerful economic and political interests. And though no one in the federal government has told her as much, it seems the FBI has been listening.

Does Nelsen feel vindicated?

"Not yet," she said. "I think I'll be more satisfied when the information is revealed to the public."

As will everyone currently hanging on an investigation that is both important and titillating — a probe that threatens to crack the pleasant veneer of a valley built on an idyllic image of "the good life."

It's crucial to note that U.S. attorneys have not formally accused anyone of anything. The 15 people named in one of the subpoenas may be "persons of interest" or they may simply have information the government finds valuable. The 24 companies on that same list, most of them wineries, might be in the Justice Department's crosshairs, or entirely free of suspicion.

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The wine money flows

The 39 entities that appear in a Dec. 14 subpoena directed to the Napa County Counsel's Office can be divided into 13 clusters of people and their businesses. And there is a clear unifying theme. Twelve of the 13 have financial connections — some small, some substantial — to Napa County Supervisor Alfredo Pedroza.

Pedroza's name appears nowhere in the federal subpoenas, but his supporters, associates and even a family member are sprinkled throughout.

"I encourage the County, as it always does, to cooperate fully with all other branches of federal and state government," Pedroza told The Press Democrat in an email Thursday. "There is no reason here to do otherwise. Other than that, I will leave any questions you may have to the County for a response."

When Nelsen built a database of donors to Pedroza's campaign for supervisor in 2020, the largest sums on the list were from Craig Hall, the co-owner of Hall Wines (\$35,000); Chuck Wagner, the owner of Caymus Vineyards (\$25,000); and Peter Read's investment company, along with his Circle R Ranch (a total of \$23,100).

Chuck Wagner, co-founder of Caymus Vineyards, whose North Bay wineries are in Napa Valley and Solano County. (Caymus Vineyards / Facebook)

Hall is named in the DOJ subpoena, along with his wife, Kathryn, Hall Wines and Hall Brambletree Associates. So are Chuck Wagner, his son Charlie Wagner, Caymus Vineyards and Wagner-owned Caymus-Suisun Winery and Mer et Soleil. So are Peter Read, Circle R, and Read's properties Rocking R Ranch and Foss Valley Ranch. And so are Pacific Hospitality Group and Meritage Resort, both co-owned by Tim Busch, an influential, conservative Catholic attorney who is also behind the Lenawee Trust, which donated \$16,000 to Pedroza's 2020 campaign.

None of the individuals mentioned in the subpoenas have responded to Press Democrat requests for comment.

Some have continued to give money since Nelsen compiled her list in early 2020. Read donated \$5,000 to Pedroza's campaign fund in 2021. Chuck Wagner donated \$4,900 in 2021 and his son, Charlie, donated \$4,900 in 2022.

Those figures don't include contributions to oppose an unsuccessful effort by Nelsen and a handful of other Napa residents to recall Pedroza in 2022. Charlie Wagner gave \$20,000 for that, and his sister, Jenny, who runs Emmolo Wines, gave \$10,000. Pacific Hospitality Group chipped in \$5,000.

George Altamura Sr., his son George Jr., Terrence McGrath, Darioush Khaledi and Dave Phinney all have contributed at least \$2,500 to Pedroza, either personally or through their businesses. All are mentioned in the subpoenas.

Meanwhile, many of the wineries on the DOJ list have contributed wine to Pedroza's political fundraisers. In some cases the wine donations were in the hundreds of dollars and in others as much as \$2,200.

And Pedroza has given back to some donors — most prominently, Tim Busch. Between 2018 and 2020, Pedroza’s campaign spent more than \$55,000 for fundraisers at Meritage Resort in south Napa, as stated in the supervisor’s campaign statements.

Many of Pedroza’s top donors are absent from the subpoenas. On the other hand, some of the connections hinted at by the federal inquiry go far beyond campaign gifts.

Nelsen made a local splash by publicly documenting the tangled associations of Pedroza, his father-in-law Esteban Llamas and the LLC they started, Viñedos AP (both named in the subpoena).

The two men had purchased land in the hills between Napa and Lake Berryessa. It was Read who sold them the property for \$2 million, and he carried \$1.7 million of it in a private loan. It looked like a sweetheart of a deal; Read had originally purchased the land for \$22.8 million in 2015.

To the east of the Viñedos property was the sprawling Walt Ranch, part of which Craig and Kathryn Hall were attempting at the time to develop into vineyards. Pedroza’s failure to recuse himself from Board of Supervisors votes involving Walt Ranch — he later did recuse — became his first big political crisis.

And it isn’t just the Halls and Read. Nelsen’s website details Pedroza’s links to George Altamura Sr., too. The well-known Napa property owner paid off that seller carryback for Viñedos AP in January 2022, picking up the \$1.7 million loan.

Pedroza also has listed an income in the \$10,000 to \$100,000 range from shares in Pacific Hospitality Group, each year since 2017, on his Form 700 disclosure statement.

Nelsen said she has not been contacted by the FBI.

One man’s trash, another’s treasure

If the wine industry is the peak of aspirational consumerism, its opposite might be garbage. But waste disposal is lucrative business, and the DOJ wants to know more about how it’s handled in Napa County.

One of the three December subpoenas was sent by the department’s Antitrust Division to Steve Lederer, the county’s public works director. Another, nearly identical, was sent to the Upper Valley Waste Management Agency (UVWMA), a joint powers authority that oversees landfill and recycling services for Calistoga, St. Helena and Yountville.

In addition to public works organizational charts, the subpoenas requested a wealth of information pertaining to waste management bids, proposals, contracts and communications.

That was no surprise to Geoff Ellsworth, the former mayor of St. Helena, and his partner Anne Wheaton.

While Nelsen was cataloging the deep financial connections of Alfredo Pedroza, Ellsworth and Wheaton had been fighting their own far-ranging battles Upvalley. One of their biggest battlegrounds was the Clover Flat landfill, which at the time was owned by Upper Valley Disposal Services, and is still administered by UVWMA.

The Press Democrat has documented many problems at Clover Flat, including leaking tanks of radioactive waste, wildfire risk and, most recently, complaints by workers that they were unduly exposed to toxins during previous emergencies.

Based on documents sought in the subpoena, the DOJ seems more focused on the process of selecting waste management contractors and preparing their contracts.

Ellsworth believes some of it has to do with 2012 California legislation that allowed the movement of solid waste across county lines. Napa County's waste management agency signed a new no-bid contract with Clover Flat approving that expansion in October 2020.

Pedroza has been on the Upper Valley Waste Management Agency for several years. Lederer serves as the agency's manager.

"The County is fully cooperating with the DOJ's requests for information," Lederer said in an email to The Press Democrat on Thursday. "While it may be an unusual situation, it does not imply any wrongdoing, and I am not aware of any wrongdoing.

"I am confident in the integrity of our work and our commitment to serving our residents. Our day-to-day operations remain focused on serving our community and continuing to provide essential services and maintain the infrastructure that our residents rely on."

Christina Pestoni Abreu, the COO of Upper Valley Disposal, donated \$3,500 to Pedroza between 2019-21, and her family — which founded the waste management company in 1963 — has donated at least \$570 worth of wine for the candidate's events.

The federal investigation isn't limited to Upper Valley Disposal or the company that bought it in late 2022, Waste Connections. The subpoena asks for all waste management records relating to Napa, Sonoma, Marin, Solano and Yolo counties. That would seem to target Napa Recycling & Waste Services, which largely serves the cities of Napa and American Canyon, and some of its sister and partner companies.

Napa Recycling donated \$1,000 to Pedroza's campaign fund in 2018, and \$4,900 in 2021.

Wheaton is convinced the entanglements in Napa County go far beyond Alfredo Pedroza.

"So many other people are tied up in this, to make it look like just Pedroza when he was only one vote is shortsighted," she said. "The board members worked in concert with one another, voting unanimously on all of these critical decisions related to the governmental contract revisions, oversight, deregulation, and sale to Waste Connections in spite of the public outcry, litany of environmental violations and racial/social justice concerns."

Experiencing some turbulence

The third DOJ subpoena focuses on a wholly different topic — the Napa County Airport, and a 2022 civil grand jury report outlining potential flaws and irregularities in the facility's management.

U.S. attorneys asked the Napa County Counsel for all investigative material used to prepare that report. The county said it destroyed those documents, a practice apparently allowed by California law.

The civil grand jury report, titled “Under the Radar: The Saga to Bring Napa’s Airport Into the 21st Century,” lays out a troubled timeline as county leaders explored updating the neglected facility, which the grand jurors likened to “an early 1960s airport movie set.”

The conflict largely revolved around the airport’s “fixed based operator,” or FBO — the company that provides vital supportive services like fueling, hangaring, aircraft maintenance and flight instruction.

The Napa airport had been run by a single FBO since its inception in 1948. It has gone by several names. It was Lynx FBO Network in 2022, when that company was bought by Atlantic Aviation. But a few years ago, county officials, urged by airport staff, began exploring a two-FBO plan with shared responsibilities.

As detailed in the grand jury report, that process was dogged by accusations of improper use of closed sessions by the Board of Supervisors, leaked information and a general lack of transparency that at times shut out the independent Airport Advisory Commission.

Interviewees told the civil grand jury that “some Board members (and Senior County leaders) who were convinced the Airport was a single FBO Airport” pressured staff into backing them.

Multiple sources told the grand jury that while the Board of Supervisors was holding a closed session Jan. 25, 2022, confidential information was leaked to one of the interested FBO companies, “alleging that one Supervisor was harming its interest.”

“Interviewees spoke about how bidders always appeared to know things they should not and were a step ahead of County staff involved in the discussions,” the report read. “One non-County interviewee even acknowledged receipt of information that they should not have had and questioned the process’ integrity as a result.”

The grand jury report didn’t divulge who did the leaking or the pressuring or the harming.

Between 2018 and 2020, according to Pedroza’s recipient committee statements, his campaign fund received donations of at least \$6,000 from Lynx FBO Network, \$3,500 from Napa Jet Center CEO Mark Willey and \$5,000 from Carrie Campbell, who was the general manager of Lynx FBO, then the company that consumed it, Atlantic Aviation.

The Napa County Airport is administered by the county’s public works department, led by Steve Lederer.

These many threads weaving through Napa County's Board of Supervisors, public works, agricultural industry, waste management and airport operations can be a little overwhelming to process. Unless you're one of the people trying to amplify them over the past several years.

"It's very complex," Ellsworth said. "But the fact that all these players are in the same small pool, once you lay it out, it's like circuitry on a circuit board."

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