

How three investigators uncovered a massive conservatorship scandal.

GUARDIAN ANGELS

Something odd has been going on in Department Eight of Riverside's newly refurbished courthouse. There, beneath a series of presidential quotes carved along the cornice work, the name West Coast Conservatorships, Inc. keeps coming up. A professional, private fiduciary, West Coast had served as conservator to more than 300 people, mostly elderly and largely helpless, for 13 years. But now, in case after case, the probate court is stripping West Coast of its responsibilities and appointing new conservators to take over. The process is a tedious one, and on some days it takes up half the court's calendar.

Stranger still: The person issuing these orders is not Judge William H. Sullivan whose staid, taciturn presence has been a fixture in Riverside probate court for more than a decade. Rather, the bench is occupied by either a judge from another county, a commissioner, or even a pro tem.

Pruning West Coast from the Riverside probate docket marks the final phase of one of the worst scandals ever to rock California's conservatorship system—a system that has struggled in recent years to keep up with a growing number of senior citizens who, unable to look after their own financial and health interests, must rely on the integrity of strangers.

Even under the best of circumstances, conservatorships are a tricky business. In no other situation (except prisons) is one person allowed to have so much power over another. And here in California, where so many have immigrated to reinvent themselves, the problem is compounded by a population that is not only getting older but also more isolated from the families they left behind when they came out west. By 2010 it is estimated that the nursing home population will triple, dramatically increasing the need for conservators.

In Riverside, Bonnie Cambalik clearly understood the growth potential. A high-society supporter of the arts with a taste for fine jewelry, she started West Coast in 1986 after working just over a year in the county's public guardian's office. In April 1999 she admitted skimming \$100,000 from her helpless charges. She's also implicated her two business associates, Ramona Saenz and Diana Mikol, as well as her attorney, Michael J. Molloy. Meanwhile, no fewer than four investigations have been launched to see how much she *really* stole. Insiders say it could easily add up to millions.

More troubling than how much she stole was how she was able to stay in business so long. Conservatorships, after all, supposedly operate under the watchful eye of the court, the ethical restraints of the probate bar, and in some counties, including Riverside, the public defender's office

By Christopher Manes
Photography by Jona Frank

is also involved. Yet in Riverside the system's checks and balances barely broke Cambalik's stride.

Last April, Riverside Public Defender Margaret Spencer—whose office is supposed to provide legal representation to conservatees—was discharged by the county's board of supervisors in the wake of the scandal. Riverside has also been sued for negligence by family members of at least one victim, the "cliquishness" of the probate bar has come under fire, and a complaint has been filed with the Commission on Judicial Performance against Judge Sullivan.

The hero of this story could easily have been the county's district attorney, Grover Trask. But after so many have been defrauded for so long, the families of the victims aren't rushing to shower him with kudos. Instead, praise is being directed half a state away in San Francisco, where three women—an attorney, a conservator, and a private detective—investigated the matter on a pro bono basis without the encouragement, if not the resistance, of local officials.

Jean Malbrough was the first of these women to get involved. A private conservator herself, she got a phone call in early 1998 from someone she knew at the California Advocates for Nursing Home Reform (CANHR), a non-profit organization that monitors the treatment of nursing home residents. CANHR had received a box of complaints from another conservator, who suspected that Cambalik was up to no good, and CANHR asked Malbrough to examine the files. Malbrough was the right person to go to. With more than 20 years' experience under her belt, she had worked on numerous elder abuse cases and had the expertise to understand the abstruse minutiae of conservatorship accountings. Indecipherable to laypeople, these accountings are reports conservators such as Cambalik must by law submit to inform the court how they are managing their charges' assets.

The second woman on the team was Malbrough's sister, Ann Flaherty, who as chief investigator at the Rat Dog Dick detective agency knew how to find things out about people. She was also very interested in solving elder-abuse cases, and in 1997 had, in fact, teamed up with another private eye to start Elder Angels. "We created Elder Angels to do investigations," Flaherty explains, "to bring the hard facts to the police so they couldn't just brush the matter aside." No case, however, would test Flaherty's resourcefulness more than the one against Cambalik.

The third member of the team was Barbara Jagiello, a sole practitioner recruited by Malbrough to piece together the paper trail left behind by Cambalik. A graduate of Yale Law School, Jagiello had interviewed with a number of large firms but decided in the end to suffer through a few years of "genteel poverty," as she puts it, to build a practice that she could call her own. Ultimately, she would be the one to write the report that would get Cambalik in trouble.

Malbrough and Jagiello first met when they worked together on a case involving a Buddhist nun who had gotten herself appointed as the temporary conservator of her blind, ailing Zen master. The nun proceeded to rob the monk of just about everything he had, including a twelve-inch-tall gold Buddha.

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After the nun's thievery came to light Malbrough stepped in as the priest's conservator and hired Jagiello to get his money back. But things got a little bizarre when the nun claimed she gave everything she stole to a mysterious "holy man" who, after appearing to her on the street one day, was never heard from again. Largely as a result of the pressure Jagiello exerted, though, the company that bonded the nun's conservatorship made good on the loss. *Estate of Khuu* (SF Super Ct) Civ No. 263080.

In the meantime, Malbrough and Jagiello developed a friendship that had its own Zen-like quality, with Malbrough's quiet optimism acting as something of a cushion to Jagiello's manic energy. "I don't know how many times during the Cambalik case I got discouraged over the mountain of work we had in front of us," says Jagiello. "But Jean was always there saying 'Just write the report and they will come.'"

Jagiello, Malbrough, and Flaherty carried out their investigation on a shoestring budget, with Elder Angels advancing what little funds it had for the research and the rest coming out of their own pockets. "I don't think we knew what we were getting into," Jagiello observes. "We would fly down to Riverside, pull out 40 to 50 West Coast files from the clerk's office, and just start poring over them. I think the clerks thought we were crazy." But crazy or not, by investigating Cambalik's operation these women were delving into the dark side of private conservatorships.

Take, for example, the case of 88-year-old Lucille Olson, whose troubles, according to court documents, began when she checked herself into a hospital after suffering complications from a fall. Somehow Cambalik found out about her and filed papers to take control of her life without giving any notice to Olson's family. Cambalik subsequently confined Olson to a nursing home, confiscated her mail, left her without a phone, denied her writing paper, and made plans to sell the small home she and her deceased husband had built.

"It really is someone else's," Cambalik reportedly told the heartsick woman, and began to use the house to store property from her other conservatorships. Olson, meanwhile, had to smuggle letters out to her family in order to contact them. She was a virtual prisoner—at her own expense.

Sensing something was terribly wrong, Olson's niece, Carol Rodgers, sought to pry her aunt loose from Cambalik's clutches. But that wasn't about to happen without a huge fight. Rodgers wrote letters to Judge Sullivan, the public defender, and the Better Business Bureau pleading for help. Nobody listened—except for Cambalik herself, who turned around and sued Rodgers, claiming the letters defamed her. Olson died in 1996. But even after her demise, Cambalik still tried to sell the house and stopped only after Rodgers managed to retain a lawyer outside Riverside who learned that Cambalik failed to report a \$7,000 account in Olson's name, as well as a safe deposit box that contained \$44,000. *Rodgers v Cambalik* (CD Cal) Civ No. EDCV 99-0282.

JAGIELLO AND COMPANY ALSO BROUGHT TO LIGHT THE CASE of Nelta Bradner. At age 70 Bradner had nominated a friend as conservator in the event that she could no longer take care of herself. Two years later, as Bradner became more seriously impaired by Alzheimer's disease, Cambalik, as Jagiello reports, got her to change her nomination to West Coast, even

though Cambalik was a total stranger. West Coast's attorney, Michael J. Molloy, then arranged for Bradner to change her will, without informing Bradner's attorney.

Included among Bradner's inventoried possessions were several missing pieces of jewelry that Cambalik maintained had been stolen by a nursing home caregiver. But, says Jagiello, the nursing home denied that Bradner ever had those items while she was there. And since she was confined to a bed in what was primarily the fetal position, she hardly had occasion to dress up. In 1993 Cambalik reported that she regularly spent \$1,000 a month or more on Bradner's personal needs and in May alone indicated an expenditure of \$1,250 just on groceries—an inordinate sum given Bradner's condition.

Similarly, Helen Conrad had the misfortune of running into Cambalik. Once a vibrant woman, she lived in an assisted living facility, owned a grand piano, and had enough savings to be able to live out the rest of her life in dignity. Two years after Cambalik got control of her finances, though, the woman's \$300,000 estate had all but vanished. So did her piano. According to Cambalik, \$170,000 of Conrad's estate was spent on at-home health care, some of which was provided by Care World Enterprises—a company Cambalik co-owned.

In the case of Bella Robbins, Cambalik managed to get herself appointed conservator over the objections of the woman's sister, Rose Blum, a retired licensed social worker who was willing and able to act as Robbins's conservator. Blum had to take Cambalik to court to reverse the decision. Bank records indicate that Cambalik wrote more than \$6,000 in checks not

listed in her accounting. After Blum got control of her sister's estate, she transferred the case to a Los Angeles County court, which found enough evidence of "mismanagement of the whole estate from its inception" to attach a \$16,000 surcharge against Cambalik. *Estate of Robbins*, Civ No. EP 3259.

In all, Jagiello, Malbrough, and Flaherty scrutinized only about 40 West Coast conservatorships out of a total of 300.

Yet they say they repeatedly found evidence that Cambalik billed for services not provided, stole money and valuables, and isolated clients from family and friends. Most disturbing of all to the three women was the cruelty that Cambalik exhibited.

"If she had just taken the money and given them good care, I guess I wouldn't be so upset," Jagiello explains. "But she didn't. She stole their money and abused them.

"At some point in my life I will probably need someone to take care of me," adds the 55-year-old lawyer, who has no children or any close relations to fall back on, except her husband.

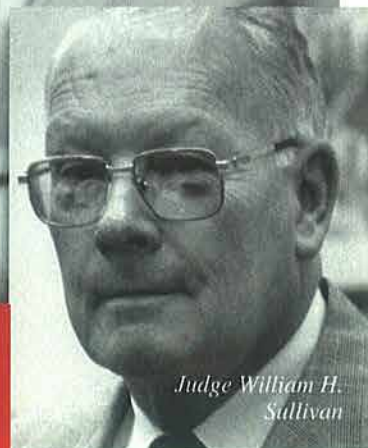
Malbrough and Flaherty express a similar view. In fact, in their family, they have an aunt suf-

fering from Alzheimer's disease who had a brush with a scam artist.

FOR CAMBALIK TO STAY IN BUSINESS AS LONG AS she did, those responsible for ensuring the system's integrity had to ignore a number of warning signs. In their notes the probate examiners responsible for reviewing conservatorship accountings, for example, reported many of the irregularities to Judge Sullivan that Jagiello later discovered. Indeed, one examiner, Betty Zesk, later told investigators that in just one year of reviewing West Coast she determined that Cambalik was defrauding clients. But her notes



As a fixture in Riverside's probate court for more than a decade, Judge Sullivan never seriously questioned Cambalik's integrity.



went mostly unheeded, and to the extent the court took any notice, Cambalik was able to explain the problems away or correct them without consequences.

Nor did the complaints made by family members to Judge Sullivan, the public defender, and the district attorney seem to be heard, although in one published case a family succeeded in removing Cambalik and challenging an accounting approved by Sullivan. *Conservatorship of Lefkowitz* (1996) 50 CA4th 1310.

In fact, no matter what was discovered, the agencies charged with scrutinizing Cambalik seemed to let things slide as if she had an endless supply of "stay out of jail" cards. How was this possible?

Part of the answer, no doubt, has to do with how well-connected Cambalik was. A short, heavyset woman, she was by all accounts someone who knew how to work a room. She had belonged to the Canyon Crest Country Club, in the most exclusive part of Riverside, until she moved up a notch further to the Victoria Club, a bastion of what some describe as Old Riverside society, the affluent, influential elite of the town. She also served as president of the Riverside Art Alliance, a group that supported the local art museum. She herself owned, among other things, a hand-painted pot-

pourri jar that once belonged to Victor Hugo, and her antiques collection was deemed so good it was included on a local art tour. Friends and enemies alike considered Cambalik a force to be reckoned with.

When it came to business, however, one of the most important rooms Cambalik worked was the Riverside Public Guardian's office. A division of the Riverside Department of Mental Health, the public guardian's office steps in to manage the estates of those deemed incompetent when no one else will. Cambalik started working there in December 1984.

Former Chief Deputy Public Guardian Lucille Lyon remembers Cambalik vividly because of a troubling incident that occurred in 1986, just before Cambalik left to start West

Coast. "She wanted me to help her start a new business," Lyon recalls. "She asked me to take five of our biggest cases and give them to her. Of course I refused. We weren't on speaking terms after that."

Still, within just six months of leaving the public guardian's office, Cambalik had, with the help of friends in the public defender's office, managed to wrest two conservatorships from her former boss. "It was as if they suddenly wanted to replace the public guardian with Bonnie Cambalik," Lyon observes.

Among Cambalik's more useful friends was Molloy,

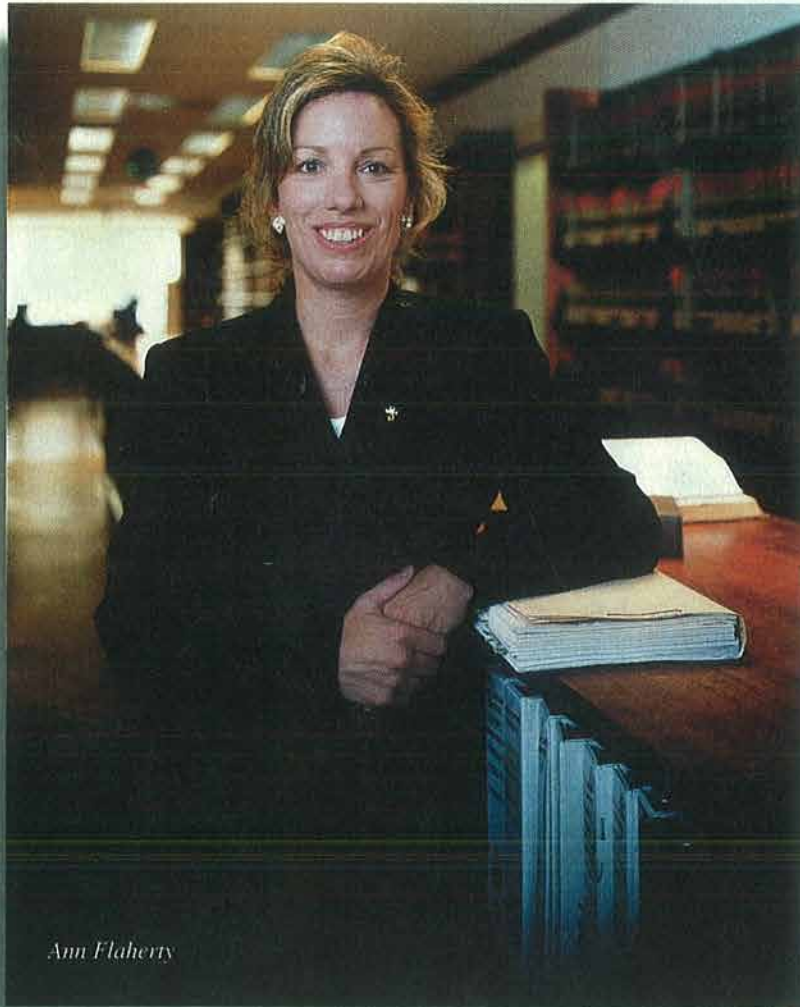
a private attorney who occasionally represented the public guardian. By all accounts he is, for the most part, an affable man. But one day, Lyon says, he got into a bitter shouting match over an objection she raised to an accounting Cambalik filed. After that fight, Molloy never worked for the public guardian's office again, and instead represented West Coast.

Cambalik's coworkers, Ramona Saenz and Saenz's daughter, Diana Mikol, were also useful. Both joined West Coast in the early 1990s. Saenz served as conservator in a few cases, and Mikol was West Coast's bookkeeper.

Cambalik could also count on Jennifer Dumitru and Cheryl Thompson for support. They

were two deputy public defenders who, according to Jagiello, favored West Coast, even when family members were willing to serve as conservators. In the case of Michelle Miller, for instance, a 17-year-old who suffered brain damage as a result of a car accident, Thompson succeeded in switching the conservatorship over to Cambalik, after the girl expressed a desire to break away from her mother.

James T. Catlow, a Los Angeles attorney who now represents Miller in a lawsuit against Thompson and others, *Miller v County of Riverside*, Civ No. 331909, maintains that Thompson "seemed to be on a crusade to get family members off as conservators." At the same time, the public defender's office seemed at times excessively tough on West Coast's competition.



Ann Flaherty

In one instance, Dumitru objected to the appointment of a conservator who had 20 years' experience in public service and demanded to see evidence of her qualifications. Ironically, had Dumitru scrutinized Cambalik's background, she would have discovered that according to school records Cambalik had never earned the degree in gerontology she claimed she had from the University of Southern California.

WHILE THE PUBLIC DEFENDER'S OFFICE FAILED IN ITS DUTY TO protect Riverside's elderly citizens from West Coast, the probate court hardly did much better.

"Every time the probate examiner or a family member fingered Cambalik, Judge Sullivan would accept her explanation, or let her amend her accounts, without really sanctioning her," says Malbrough. And when the judge found out that Cambalik was farming out work to her own health care company, he merely imposed a surcharge and left it at that.

Indeed, the further the three women probed, the more they felt that nobody was on their side. "I felt like it was Ann, Jean, and me running around the Riverside courthouse yelling, 'We've got you surrounded,'" Jagiello says. And their biggest fear was that in spite of everything they had found, nothing would come of it. How could they ensure that someone would listen?

Their answer came late in 1998 when Flaherty started looking into Judge Sullivan's real estate dealings over the past decade. As it turns out, they were very extensive. "Like Century 21," Flaherty jokes. But what made these transactions significant is that some of them involved older people who, Flaherty speculated, may have been conservatees under the judge's jurisdiction. One elderly gentleman who sold his house to Sullivan was Harry Dostal. Flaherty passed the name on to Jagiello, who once again flew down to Riverside to rifle through the

probate files. The clerk said no file for Dostal existed. Flaherty then put her detective skills to work and traced the transaction through the public records until she found a Riverside court order that authorized the sale. This in turn allowed Jagiello to confirm that Dostal was indeed under a conservatorship when he sold the property. And the judge who presided over the conservatorship was the same man who acquired Dostal's home: William Sullivan.

"Once I found the Dostal conservatorship sale," says Jagiello, "I knew

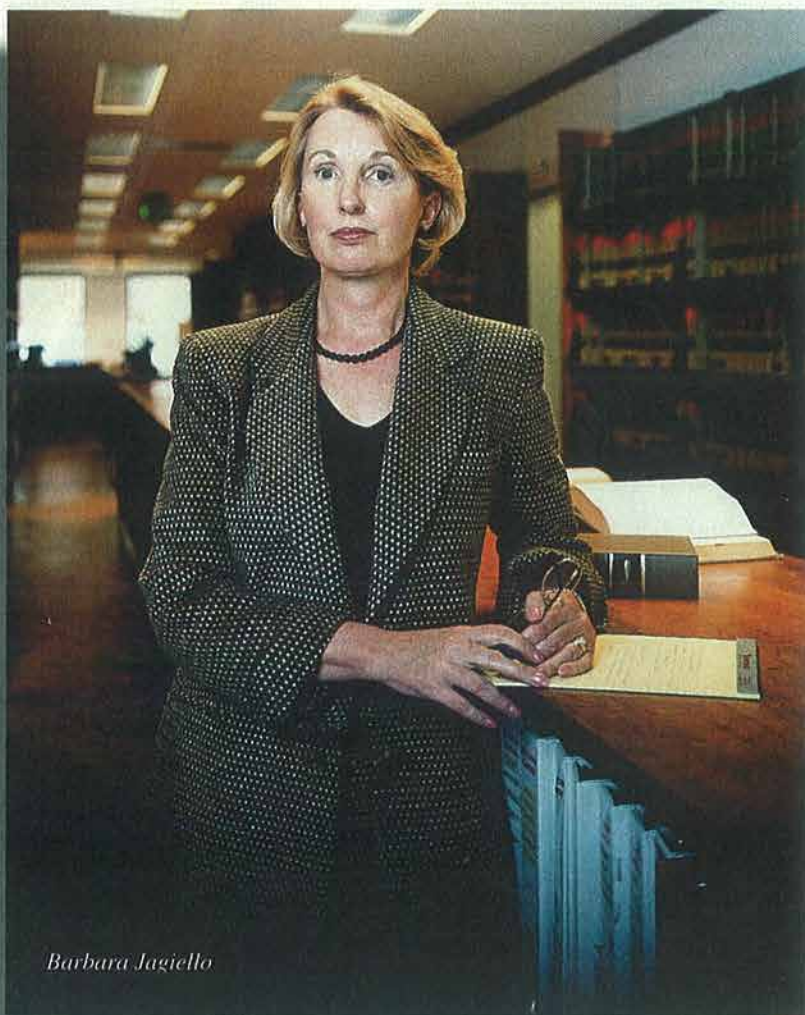
someone had to listen. It's an obvious conflict of interest and a violation of the Probate Code for a judge to buy real estate from a conservatorship he's overseeing."

Jagiello also discovered that the judge had served as a trustee for a trust not connected with his family, which she says is a violation of the Code of Judicial Ethics. Through a partnership, Sullivan also owned an interest in a building whose tenants included a Riverside probate lawyer who often appeared before him. That attorney in one case also represented Cambalik.

Over a two-week period, Jagiello drafted an 18-page, single-spaced report that she called an Indict-

ment of Judicial Misconduct—a document that weaved the Cambalik story in with Jagiello's allegations against the judge. News of this document spread fast, and one day an official in Riverside's mental health department called Jagiello to request a copy. Flaherty and Malbrough flew down to Riverside to personally deliver it. About a week later, this same report made its way to the district attorney's office, and eventually two Riverside district attorneys plus two county counsel flew to San Francisco to talk with Jagiello.

The meeting occurred on March 18, 1999. Soon thereafter search warrants were served on Cambalik, Molloy, and several others involved with West Coast.



Barbara Jagiello

IT WAS ON GOOD FRIDAY, WHILE IN THE NORTHWEST PART of France for a much-delayed vacation, that Jagiello received a call on her cell phone. It was Malbrough. "Bonnie's confessed," she told her.

"You're joking," Jagiello responded.

"It's Good Friday. Would I be joking? We're going to win."

Under questioning, Cambalik admitted to investigators that she had taken money from her clients and split it with her business associate, Saenz. In turn, Mikol admitted that she produced false accountings and implicated Molloy in the deception. In all, investigators confiscated 150 boxes of business records. They also recovered a few pieces of jewelry from West Coast's office safe. Among them, according to Jagiello, was a medallion inscribed to Nelta Bradner.

The dominoes were falling fast. When Riverside Public Defender Margaret Spencer was asked by the Riverside County Board of Supervisors to put certain members of her staff who had worked with West Coast on administrative leave, Spencer refused. As an assistant public defender explained it, the office could not afford to lose the manpower. The board responded by firing Spencer and replaced her with Gary Windom, an outsider from Ventura who is also president-elect of the Public Defenders Association.

As for the public defender's office, it continues to deny any wrongdoing. So does Judge Sullivan who, in November, announced his retirement. (The judge did not respond to requests for an interview.) Meanwhile, the DA's office, which for so long seemed to be looking the other way, is now pursuing the matter with zeal, and this was more than underscored on November 9 when Cambalik and Molloy were simultaneously arrested. Cambalik was charged with theft, embezzlement, conspiracy, and perjury. She later pleaded not guilty, as did Molloy, who was charged with grand theft, conspiracy, and subornation of perjury. *People v Cambalik*, Cr No. 88557. The two now face the prospect of serving more than ten years in prison. Also, Mikol

and Saenz have both pleaded guilty (Mikol to grand theft and Saenz to accessory to theft) in plea bargains. "This case exposes greed at its worst," District Attorney Trask now says. "These suspects preyed upon defenseless elders in our community. They betrayed a sacred trust, demonstrating contempt for the system designed to protect some of our most powerless citizens."

Left unsaid, though, was what responsibility the system had to more carefully monitor such abuses.

"I don't think there was a conspiracy," Malbrough ventures. "It was politics. Everybody had their hand in it one way or another, and as long as you looked the other way, the system worked. Anyone questioning it got their head cut off."

Flaherty agrees. "The system's checks and balances failed. Basically, I think, everyone was a little bit dirty. They all covered for one another. And that allowed Cambalik to continue to rip off conservatees over and over again right under the court's nose."

Others attribute the lapses to years of underfunding that left the public guardian's office, the county's mental health services, and the courts woefully understaffed. Perhaps also playing a role was the inherent clannishness of the probate bar, in which the same community of attorneys

and conservators always appears before the same judge.

In Sacramento, one idea for reform floating around is to issue a statewide registry of conservators. Another proposal would regulate conservatorships by establishing uniform standards for certification—standards that would include a college degree.

Jagiello herself has concluded that the only way to effectively protect the public from people like Cambalik is to institute a regime of outside audits based on the IRS model that would subject conservators to intense scrutiny on a random basis.

But for a system that depends so heavily on the goodwill of others, such reforms will probably never be entirely satisfactory. As Malbrough (who doesn't have a college degree) points out, the most important qualification for conservators is that they care about their charges. And that's hard to regulate. □



Jean Malbrough