

CHAPTER TWO THE SCOOP

I hate thin-skinned crybaby reporters. Journalists are supposed to be tough, like overcooked steak, thick enough to deflect all the harsh criticism. That's what every editor tells you when you start out. But most of the reporters I know can't take a beating, especially if it's from a competitor, like me.

Apparently, I gave the competing papers and wire services a good whipping. That's what my editor, Arden Dale, told me in December 2001 when I won Dow Jones Newswires' Journalist of the Year award for a series of stories I broke on California's energy crisis.

When Arden called to tell me about my award, I thought she was going to say, "Jason, we've figured out you're a complete fraud. You're fired." Doesn't she know that I have no idea what I'm doing? Am I that good of an actor?

You could say that I got many scoops through unconventional means. I shared sources with competing reporters on the energy crisis, and those sources would give me the skinny on what my competitors were up to. Then I would run to post my own version on Newswires before it appeared anywhere else. This isn't the usual way reporters get their stories. The usual hack is assigned a beat, and his job is to find out everything that happens on that beat. You're supposed to cultivate sources, whether it's the librarian, janitor, cop, senator, or local grocer...anyone who can feed you information. You can't just sit at your desk and wait for a story to fall into your lap, and you can't rely solely on your sources. You have to do the digging on your own, whether it requires reading the police blotter or the city council agenda. I lucked into the best sources in the business: senators, congressmen, CEOs, stock trad-

ers, federal officials. Whenever they got a call from a print or television reporter asking specific questions about the energy crisis, my sources would call me immediately to spill on what was going to be reported. It was the ultimate tip service.

“Jason, it’s Richard.”

“Hey, buddy. How are you?”

“The *Chronicle* is going to report that Davis wants the state to buy Southern California Edison’s transmission lines to keep the company from going bankrupt. You got 90 minutes before the story is posted online.”

“Got it. Dinner Friday at Spago?”

“Deal.”

All I needed to do was confirm the leak, get a comment from some state official, a stock analyst, and a spokesman at the utility, and then send the story off to be edited. A scoop is a scoop. In my opinion, as long as you are the first one who reports the news, you own the story. It doesn’t really matter how you get it. Other journalists will whine about ethics, but that’s a load of crap. If reporting a huge story required journalists to pimp their mothers, there would be a lot of elderly hookers on the street.

People ask me how I cultivate sources and get people to talk. It’s easy. If I’m talking to a distraught mother I become her son. If I’m interviewing a CEO I’ll become the loyal employee. I like to think that my own gift is to make people feel comfortable enough to spill anything.

Sources know I’m tenacious and hungry, and get a good high from a good story. My wife Lisa calls it a “vulnerable sweetness” that makes people feel safe around me. She says it’s one of the reasons she married me. And it made Lisa, her family, and Maviglio trust me—even when they shouldn’t have.

I took a trip to Sacramento in January 2001 to size up the competition and see how much they really knew about the energy crisis

and whether I was ever in danger of being scooped. About twice a week, Governor Davis held press conferences at the Capitol building. That's where most of the competing reporters got their "snooze."

In the corridor outside, the pressroom reporters spoke to editors on cell phones and avoided speaking to one another. But everyone knew who was who. Overweight, khaki-wearing print journalists with thin notebooks stuffed into back pockets are easily distinguished from television reporters who wear designer clothing and smell good. Stylistically, I fell somewhere in between the two. I wore designer jeans and expensive button-down shirts. My shoes were "Handmade in Italy" and always polished. I tried to put myself together well, though I'm self-conscious about my weight and when I look in the mirror I don't like what I see. I figured that draping my body in the same clothes male models wore in ads would help. It never did.

Much of what the so-called professionals reported came directly from news releases or press conferences, and most rarely went beyond the pressroom for quotes or information. When journalists asked Gray Davis a serious question like, "Governor, what are you going to do to ensure blackouts don't happen in California this summer?" Davis deflected it and defended his record.

"Before I was governor there were no new power plants built," Davis would say. "Now we have twelve," blah, blah, blah. The governor reminded me of that guy in the movie *Airplane!* who bores other passengers so much that they commit suicide to avoid another tedious moment.

I knew how much of a threat the competition posed by the quality of the questions they asked. A reporter who asks an in-depth question has a good handle on a story and could scoop you. You never want to ask too many leading questions, otherwise you risk

giving away the meat of your story and other reporters would no doubt catch on.

I naively thought that breaking stories on the energy crisis would impress working journalists to look up to me as the new Bob Woodward or Carl Bernstein. But instead of following up on my scoops and going after bad guys, the press corps attacked my credibility. Reporters go out of their way to discredit journalists who continually scoop them. Otherwise they have to explain to their editors why they aren't breaking the same stories. When the press corps rejected me I convinced myself that the whole goddamn world was conspiring against me. All I wanted was to be accepted as a member of their club.

What I found out about my competitors is that most of them are a bunch of lazy fucks who are less inclined to dig for the truth than report bureaucratic bullshit and then go home for the day. They weren't interested in the relentless, gumshoe reporting I shot my wad over. Luckily for me no one in the Sacramento press corps was smart enough to end my writing career by exposing me as the felonious thief and drug addict I was.

Maviglio provoked my paranoid outbursts, telling me that other journalists had me in their gun sights. He told me about taking calls from reporters from the *Sacramento Bee*, *San Diego Union Tribune*, and *San Francisco Chronicle*, all asking him if there was any truth to a just-posted Newswires story.

"Well, what did you tell them?" I demanded.

"I said I couldn't confirm it," Maviglio said.

"You fucking cocksucker! You know damn well that story is one hundred percent accurate. You fuck."

Maviglio laughed at my outburst. I think he enjoyed pushing my buttons.

"Can you pick me up at LAX Friday?" Maviglio asked.

"Yeah, I guess. What time are you getting in?"

“About 2 p.m. Can we stop and get pastrami sandwiches on the way to my hotel?”

“Sure. I hate you. See you Friday.”

Ever since my story on him appeared, Maviglio was continually trying to poke holes in my articles to keep reporters from following up on my stories. Maviglio knew that the worst thing he could tell a reporter about someone else’s scoop is “no comment.” With each “no comment” Maviglio planted a seed in reporters’ minds that the story in question could be false. Because I used anonymous sources in my more explosive stories on the energy crisis it became difficult for newspapers like the *Los Angeles Times* and the *San Francisco Chronicle* to verify my claims.

Newspapers have rules about using anonymous sources. Some refuse to use them, others make exceptions depending upon the seriousness of the story. Editors are by and large skeptical about anonymous sources. Tipsters usually have an axe to grind. But the only way I was able to glean information about the energy crisis was to quote anonymous sources. Initially I pressed executives at energy companies to go on the record, but they were frightened of being fired or sued by their employers for leaking proprietary information. These same executives told me “off the record” that their companies were breaking market rules to exploit the crisis and boost their company’s bottom line.

At a financial newswire, we commonly quoted anonymous sources. Investors trade stocks based on rumors every day. As soon as a story I wrote hit the wire, it would influence the stock price of any number of energy companies I identified in my report. That was a huge ego boost; it meant that people read my stories and trusted the information.

When the Sacramento press corps followed up on my scoops, often they quoted bureaucrats who disputed my reporting. But time and again, the truth eventually proved them all wrong.

For all my preaching about thin-skinned journalists, I must admit that nobody's skin is thinner than mine. Maviglio knew that I would become hostile and insecure every time someone in the press corps picked apart one of my stories. And by promoting distrust of my stories' facts, Maviglio often prevented them from getting bigger play.

In August 2001, I broke a story about Viju Patel, an advisor to Governor Davis who oversaw negotiations on the state's investments in long-term energy contracts, and how he was invested in Allegheny Energy Supply, an energy company with which the state, through Patel, was negotiating a \$4 billion energy contract.

I discovered that Patel sold his shares in Allegheny a few weeks after he helped the state close the books on the \$4 billion contract and before the public knew about the deal. That's insider trading. The SEC rule "Regulation FD" (FD standing for Full Disclosure) means that if you know something about a publicly traded company before the rest of the world, you have to wait to buy or sell your shares, or else you'll go down.

My story identified Patel as the eleventh official whose personal financial interests conflicted with their state job keeping the state plugged in. The dozens of advisers that the governor hired to negotiate power contracts didn't turn in financial disclosure forms, the same form that Maviglio forgot to fill out, when they were hired by the Davis administration in January 2001, shortly after three consecutive days of blackouts rolled through California. When the media found out that some of Davis' energy advisers were also cutting side deals with their brokers, the shit hit the fan. Everyone who worked for the state on energy matters had to sell their energy stocks or quit. Maviglio eventually sold his stock in Calpine and Enron and doing so probably saved his job, although his public excuse was that he unloaded his shares because they were becoming too much of a "distraction."

The scandal forced Davis to fire five of his advisers who bought and sold energy stocks on inside information weeks earlier. It also resulted in Davis taking a beating in the press for two weeks; his blindness to malfeasance inside his administration made the energy crisis even worse. People lost confidence in the governor's ability to stop the crisis from spiraling out of control. His approval ratings tanked so precipitously that the governor's spin doctors came in to manipulate the only situation they could: the news. They started with me.

Patel wasn't a low-level adviser. He was executive manager of the California Department of Water Resources, the state's water agency that was compelled to buy all of California's electricity supplies when the state's two biggest utilities became cash dry. Patel was a full-time state employee whose job was to oversee all contract negotiations.

After requesting a copy of Patel's financial disclosure form, I immediately spotted a huge story. Patel brokered the deal between the state and Allegheny and was once employed by Allegheny. Between Maviglio's purchase of Calpine and Enron stock during the contract negotiations and now Patel's sale of his Allegheny shares during the same period, there appeared to be a pattern of abuse at the highest level of state government. There was no way I could be ignored once I broke this story—this time I had documents to back it all up.

On August 1, 2001, I called Oscar Hidalgo, spokesman for the Department of Water Resources, for a comment.

"Yo, Oscar. What's up, brother? It's Jason."

I felt bad for the guy because I was about to tell him I was going to break news that would cause other reporters to ring his phone off the hook and force him to stay late at the office to respond to questions about my story.

"Hey bro. How you doin'?"

“Not so good, man. I have bad news. That financial disclosure form you sent me on Patel shows he’s got stock in one of the companies you guys signed a contract with...I gotta report this story.”

“Dude, you’re killing me.”

“I know, man. I’m sorry. Can you comment on it?”

“Shit, I don’t know anything about this guy. Lemme call Maviglio.”

Fuck. I was hoping to avoid Maviglio.

“Okay. Call me back.”

I started writing the story using the financial disclosure form as a primary source. I left four messages for Patel at the Water Resources Department but he never returned my call. It would have been nice to have a comment from him, but the form spoke for itself.

Seconds later, my phone began ringing.

“This is Jason.”

“What’s up? It’s Oscar.”

“Hey.”

“I can’t get any info on Patel. I can give you a general comment.”

“That’ll work.”

“The details of the activities of all the traders who owned stock is still being reviewed. Once completed, it will be released publicly in the next week.”

I added that lame-ass comment to my story, sent it off to the copy editors for a quick edit, and waited until it hit the wire. I rubbed my hands together like a mad scientist. At 4:27 p.m. I saw this headline pop up on my computer terminal:

Calif Pwr Mgr Held Stk In Co State Signed \$4B Deal With

My work was done for the day. I headed to Al Gelato, an Italian dessert shop that serves some pretty good cannolis. I was meet-

ing Governor Davis' personal assistant, a Korean girl who used the expletive "fuck" to describe every facet of her life, and drank socially like every day was New Year's Eve. She was in Los Angeles visiting her parents. We became fast friends six months earlier because I knew how to make her laugh. Maviglio wanted to date the governor's assistant but she rejected him, so I would tell her jokes about how Maviglio hit on his cat and the cat turned him down. I never pressed her for information about the governor, and I'm sure she had more dirt on him than anyone. But I genuinely liked her as a friend, so I stuck to that and never crossed the line when I hung out with her.

She and I were chatting about Maviglio when my cell phone started to ring. I immediately recognized the number.

"Oh, Mr. Maviglio. What a surprise. I'm sitting here with your woman, making fun of you. Your ears must have been burning."

He totally ignored me and started speaking loudly in a thick New Jersey accent.

"Yo dickhead, you wrote a story that is *wrong*. Viju Patel doesn't have nothing to do with those long-term contracts. He's in charge of the office supplies. He sets up the chairs and makes sure the copy machine is working. He's a glorified secretary."

"What?"

My body started shaking the same way it did when I was detoxing during my first three weeks in rehab.

"Yeah, asshole," Maviglio said proudly. "Your story is wrong."

"It can't be," I said. My voice showed all of the signs of insecurity and doubt. "His financial disclosure form said he was the executive manager. It said he was in charge of the long-term contracts."

"It's wrong. I'm going to conference in Oscar. Don't go anywhere."

The governor's assistant got a good view of my vulnerable side, which I rarely allowed to come out in public. Maviglio called me back a minute later. I cleared my throat.

"Hel...lo?"

"Yeah. It's Maviglio. I got Oscar on the phone."

Oscar laid into me real good.

"I'm so sick of you reporters and this so-called scandal you're all writing about. Leopold, you didn't do your research. Patel has nothing to do with the long-term contracts. He's in charge of the office equipment. You reporters are trying to make a scandal where none exists. This time you fucked up. You need to fix this. It's my ass on the line. I'm getting calls from every paper in the state trying to follow up on this."

Oh my God, oh my God, oh my God. How could this have happened? I'm fucked. This is going to prove that everyone was right about me. I can't be trusted. I'm a fuck-up. Shit. What do I do?

"Okay. Listen guys. I am sorry. I am really, really sorry. I will retract the story. I promise."

"Good," Maviglio said. "You better call me back. Tell what's-her-name I said hi."

I held the cell phone in my hand just a few inches away from my ear and just stared at the governor's assistant. My eyes were open but I couldn't see her face. I was looking at a police officer who was reading me my Miranda rights as I sat in my principal's office with my parents. I was in the eighth grade. It was exactly one week after my bar mitzvah, when I stole my librarian's credit cards and went on a shopping spree at the Nanuet Mall with my brother, Eric, who just turned 16 and got his driver's license. Eric used one of the credit cards to buy a leather jacket and I went to Radio Shack to buy a couple of computer games for my TRS-80 color computer. The cashier wouldn't accept the credit card from

me unless a parent signed the slip. I told him my mom was in the car, and he said I should go out and get her. I left the store and told my brother, and we peeled out of the parking lot in my mom's station wagon and drove home. The cashier kept the credit card. The next day, while I was sitting in the principal's office, the police officer explained to me that the cashier picked me out of the junior high school yearbook. That was the first time I got arrested. I wound up with a juvenile delinquent record and was expelled from school. When I got home, my father beat the living shit out of me until I saw stars, just like a character in a cartoon does when a safe falls on his head.

I left the governor's assistant at Al Gelato and drove back to my office. Around 6 p.m. I called Drew, my editor, at home in New York to tell him what was going on.

"That's bullshit, dude. I don't believe him. If Maviglio is going to claim that Patel is an office manager, then he has to explain why he sold his stock in Allegheny after they negotiated that contract. It doesn't make sense. Think about it. If he's not involved with the contracts, then he shouldn't have to sell that stock. That law only applies to people directly involved in the negotiations."

"Drew, Maviglio has me totally convinced that I'm wrong. I told him if we were wrong we would print a retraction."

"*What?* You told him that?"

"Yeah."

"Don't do that again until you talk to me first."

"Okay. I'm sorry, dude. I just wanted to get him off the phone and I didn't want him to be mad at me."

"Go back to the office and make some calls and try to find out from someone if they know Patel was involved in the contract negotiations and if they can say that on the record."

I couldn't tell Drew that I promised Oscar and Maviglio that I'd retract the story outright. I knew he'd be pissed at me.

Maviglio and Oscar made me doubt my reporting. When I got to my desk I opened up my e-mail and saw a message in my inbox—sent out to about 50 reporters in the Sacramento press corps—from Hilary McLean, one of Governor Davis' senior spokespeople. The e-mail immediately transformed my feelings of self-doubt into rage.

To: Press Corps

From: Hilary McLean

Re: Dow Jones Story on Viju Patel

The Dow Jones story that ran this afternoon on Viju Patel contains numerous errors and we would like to take this opportunity to set the record straight. Viju Patel did not oversee the state's long-term contract negotiations and he is not involved in the state's energy dealings. He performs the duties of a general office manager. He is in charge of the Xerox machine and orders supplies for the Department of Water Resources. The press office has spoken with Jason Leopold, the reporter who wrote the story on Viju Patel. Jason told Steve Maviglio this evening that he will issue a full retraction stating that his story was wrong.

Hilary McLean

Senior Deputy Press Secretary Governor Gray Davis

Press Office

That bitch. It all makes sense now. Motherfucking unbelievable. She's trying to stop the other papers from picking up my story. That's it. They're trying to discredit me. You don't need to be Woodward or Bernstein to figure out that there's probably some truth—or maybe something bigger—to my story if the press office is going to such great lengths to stop it from being picked up by the *Los Angeles Times*. Man, I thought, if I could only control my drinking

and coke habit, I'd pour myself a tall glass of brandy and snort a line or two off my desk. I don't know how I've been able to stay straight during situations like this.

I signed on to Dow Jones Interactive, the company database that stores nearly every news story and press release written in the world. I searched for Viju Patel and got two hits. The one I wrote a couple of hours earlier and another one from the *San Francisco Chronicle* dated March 18, 2001. As soon as I read the *Chronicle* story and the quote from Patel it became clear that Maviglio, Oscar, Hilary, and probably other Davis cronies in Sacramento had manipulated the shit out of me. This was the headline and quote from Patel that appeared in the *Chronicle* five months before my story.

Davis' Gouging Claims Disputed

Officials Say No Link Between PG&E Bankruptcy, High Prices

"It is a seller's market," said Viju Patel, executive manager of the Department of Water Resources' power systems department. "The power companies do not need an excuse to raise prices."

Patel didn't sound like an office manager tending to the copy machine. I did a Google search for more zingers but nothing came up. Then it hit me. I went on to Governor Davis' website where all of the press releases, transcripts, speeches, and other information are stored. I recalled that Davis held a press conference in February to announce the hiring of experts in the energy industry to handle the negotiations on long-term contracts. That's when Patel was promoted to executive manager at the Department of Water Resources. I went through all the posted press releases to see if the governor made any reference to Viju Patel. Noth-

ing. Then I went onto the Department of Water Resources' website and typed "Viju Patel" into the search engine. Here's what I found:

Viju Patel – Energy Advisor

As technical and policy advisor to the Deputy Director, Mr. Patel analyzes and recommends development of energy policy, legislation and regulations for CERS. Specific tasks include directing the implementation of DWR policies regarding the acquisition of electric power supply, transmission arrangements, hydroelectric and other power resources. Responsible for analyzing market and economic conditions, he negotiates and manages energy purchases, sales and exchanges.

CERS is an acronym for California Energy Resources Scheduling. It's the sub-agency at Department of Water Resources that Davis put in charge of buying all of the state's power. Davis signed an emergency piece of legislation after the blackouts in January 2001, giving CERS carte blanche to spend as much money as it needed to make sure the lights didn't go out again. Patel's bio basically said that he was in charge of the whole damn operation, including oversight of the state's long-term contracts!

I danced around the office and started boxing with my reflection in the window. I started singing the theme song from *Rocky III*. Then I introduced myself to my imaginary audience.

"Ladies and gentlemen, will you please welcome the undisputed heavyweight champion, JASON LEOPOLD."

I took a deep drag from a cigarette when I called Maviglio to break his balls and demand that he send out an e-mail apologizing to the press corps for discrediting me. I held in the tobacco smoke

until Maviglio answered his cell phone. I exhaled loudly as soon as he answered.

“Did you hear that, you asshole? That’s the sound of satisfaction.”

“Are you running a retraction?”

“No, but you are.”

“What do you mean?”

“You know what I’m talking about. Don’t fuck with me. Viju Patel isn’t an office manager at the DWR.”

“Uh, yes he is.”

“Uh, no he isn’t. I’ve got the proof, Maviglio. His bio is posted on the DWR website! He’s been quoted in the *Chronicle* talking about the state’s fucking energy shortage!”

“That’s strange. I don’t know anything about that. Send me everything you have on Patel and I’ll take a look at it,” Maviglio said and let out a big yawn.

“No. That’s bullshit. You have to send another press release out tonight to the press corps saying you guys made a mistake. You have to clear my name..”

“It’s ten o’clock! Can’t this wait until tomorrow?”

“Maviglio, if it was anyone else you wouldn’t be pulling this shit. If I worked at the *L.A. Times* my editors would be all over your ass for something like this.”

He didn’t say a word.

“Hello? Are you there? Do you hear me?”

“Yeah, yeah. Relax. I’ll call Hilary and tell her to send out a new press release.”

“Speaking of Hilary, I wonder why she said that I would be printing a retraction. I told you that I would print a retraction only if my story was wrong.”

“No you didn’t. You said you would go back to the office and run a retraction. Oscar can confirm that.”

“You’re such a fucking liar.”

“I’ll call Hilary now.”

“I’m not leaving the office until I see that press release. It better go out tonight.”

I called Drew at home and woke his wife. She handed the phone to Drew and said, “Guess who?” I told Drew about the press release that Hilary sent out to the press corps discrediting me and how I found Viju’s bio on the Department of Water Resources website confirming my story and then some. Drew wasn’t able to comprehend what I was saying. It was after one in the morning in New York and he was half asleep.

I sat at my computer clicking the new message button on my inbox for three-and-a-half hours but I didn’t get any new e-mails from Hilary or Maviglio. I called Maviglio on his cell phone and went directly into his voicemail. “FUCK YOU!” I hollered into the phone. I did that over and over again until his voicemail was full. Then I called Maviglio’s private line in the press office and did the same thing. I didn’t know what else to do. It was the only thing I could think of. I drove back to my apartment. It was 2:10 a.m. Lisa was already asleep. I checked my e-mail. Still nothing. I got into bed and stared into darkness. I imagined I was a superhero flying into the capitol building in Sacramento. I borrowed the Rope of Truth from Wonder Woman and used it to force Maviglio and Hilary to tell the press corps that they lied, my story was accurate, and I was the greatest reporter that ever lived.

I got into the office Thursday morning at 10 a.m. and those bastards still hadn’t sent out an e-mail to the press corps clearing my name. I called Maviglio before I took my 300 milligrams of antidepressants. That was a mistake.

“Maviglio?”

“Yeah?”

“I’m going to hire someone to chop your cat into little pieces, you piece of shit, you fuck, you asshole, prick, dick, asswipe, fuck-face, fucklip, if you don’t clear my name now, you pussy.”

I sounded like I had Tourette’s syndrome. Maviglio hung up on me.

Hilary didn’t send out a new press release until 5 p.m. on Friday, when all of the other reporters had left for the weekend. The news release was a sentence long. It didn’t clear my name or confirm the investigative work I put into my story.

To: Press Corps

From: Steve Maviglio Re: Viju Patel

It has come to our attention that Viju Patel manages the state’s energy purchases and ensures that the long-term electricity contracts are signed in a timely manner.

Hilary McLean

*Senior Deputy Press Secretary Governor Gray Davis
Press Office*

This was a strategy Hilary and Maviglio had planned from the minute I broke the story on Patel two days earlier. If you want to ensure that the media don’t cover an important political story, send out a press release on a Friday, preferably at the end of the day. By the time reporters return on Monday, the story will be old news and will either be buried deep within a newspaper or not covered at all.

That’s what happened with the Viju Patel revelations. No one else ever wrote about him. In fact, only a few people in the press corps got the new press release that Hilary and Maviglio sent out. I heard from other reporters that a majority of the press corps was under the impression that I retracted my story two days earlier, so they never bothered to follow up on it. Only one reporter,

columnist Dan Weintraub, who writes about politics for the *Sacramento Bee*, came to my defense. Weintraub also publishes a weekly insider's report on what happens behind the scenes in Sacramento. Only a select few of the movers and shakers in Sacramento get his report; it's only available by e-mail and has nothing to do with the *Bee*. Dan called me after the Patel flap and said he never received a copy of McLean's press release that failed to vindicate me. Weintraub interviewed me, took down my version of the events, and followed up with the governor's office. Dan found out I was right about Patel and wrote in his weekly column that Maviglio and McLean tried to shut down a big story by wrongfully discrediting me.

A week later a columnist from *New Times*, a weekly newspaper in Los Angeles, wrote a story on how the governor's goon squad tried to shut me down. In her column she wrote that I was "one of the most aggressive reporters on the energy crisis." She also quoted a reporter—anonously—who explained why no one in Sacramento trusted me.

"You can't trust him because he's little more than a business-wire version of Matt Drudge."

No one knew how it really went down between me and the press office. And no one knew that I set Maviglio up just a few weeks earlier and nearly cost him his job. What goes around comes around.