

## Kitzhaber and 3E: Where There's Smoke There's ... ?

Written by H. Bruce Miller  
Wednesday, 25 August 2010 16:02

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As if he didn't have enough headaches being behind Chris Dudley in the polls and in the race for campaign cash, John Kitzhaber has gotten involved in a scandal.

On second thought, better put quotes around "scandal." Maybe it's a scandal, maybe it's something else.

The background: Cylvia Hayes is the longtime "significant other" of John Kitzhaber. She's also the founder and CEO of [3E Strategies LLC](#), a Bend consulting firm that specializes in sustainable development, renewable energy and that sort of thing.

Last spring 3E was one of the bidders on a contract with the state Department of Energy for a project that was being funded with federal stimulus money. The contract ended up going to a Seattle firm, R.W. Beck. But, [according to The Oregonian](#) and other media, state officials then "encouraged" Beck to take on 3E as a subcontractor.

"At the time, some Energy Department staff members raised concerns about the way Hayes' company was promoted by the agency after losing the bid, and findings by state auditors triggered [a] criminal investigation [by the state Department of Justice and US Attorney's Office], sources familiar with the investigation say," The Oregonian wrote.

Hayes released a [statement](#) today saying she hasn't been contacted by investigators and denying that she did anything wrong or that Kitzhaber had anything to do with her firm being picked as a subcontractor.

"It is ... clear from the timing and leaks by anonymous sources that some people are attempting to exploit for political purposes the fact that I am in a long-term personal relationship with John Kitzhaber," the statement said.

"Please allow me to set the record straight: John Kitzhaber has no involvement whatsoever in my company. While John Kitzhaber has sat on the board of my non-profit sustainable

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development organization, he has at no time had any material involvement with my small business; not as a board member, nor as an investor. He has also never played a role in my efforts to compete for contracts, either in the private sector or the public sector.”

What to make of all this? Well, it might be worth noting that the story [initially was broken Monday](#) by [Nigel Jaquiss](#)

of

Willamette Week, a Portland alternative newspaper.

Jaquiss, who was a Wall Street trader before he decided to go into journalism, is Willy Week's star muckraker, and he specializes in raking muck of a sexual nature involving Democratic politicians. [He won a Pulitzer Prize in 2005](#) for revealing former Gov. Neil Goldschmidt's sexual abuse of a 14-year-old girl, and he broke the story of Portland Mayor Sam Adams's relationship with a young man who may or may not have been underage when Adams first got involved with him.

There's no evidence yet that Kitzhaber had anything to do with applying improper pressure to the Department of Energy to steer a contract to Hayes's company – assuming any improper pressure was applied. It's even questionable how much weight he still swings with the department, having been out of office for seven and a half years.

But the media now have a reason to put the words “Kitzhaber” and “investigation” into the same headline, and a lot of voters will subscribe to the where-there's-smoke-there's-fire theory.

Is it all a political hatchet job, as Hayes is claiming? To use the most shopworn of editorial writer's clichés, time will tell. But from where I sit right now it smells a little like it.