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Rail board curtails CEO's contract approval power

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The board of directors for the California High-Speed Rail Authority voted to strip its chief executive of the power to uni-

laterally approve contracts after a watchdog said consultants improperly billed the state nearly \$700,000 for rideshares, luxury travel and steakhouse dinners between 2024 and 2026.

Last month, the rail authority's inspector general found that rail authority leaders, including CEO

Ian Choudri, approved \$2 million that four consulting firms had billed the bullet train system. A little under \$700,000 was improperly reimbursed because those dollars went toward visits to an escape room, restaurants, bars, a strip club and a gym, according to investiga-

tors.

The board voted Friday 7-2 during a special meeting to strip Choudri of his sole discretion to sign off on contracts under \$25 million after investigators said he and other leaders often overrode staff who objected to the consultants' requests for reim-

bursement. In-house attorneys must now approve or change new or existing contracts, and the board has the power to approve contracts over \$25 million.

Choudri kept his job despite a call by Assembly Republican Leader Alexandra Macedo, R-Tulare, for him to lose it.

One of the consultants, Denver transportation attorney Brett Butzin, billed almost \$130,000 for flights in a single year while charging almost \$600 an hour for his services. The consultants were KPMG, which advises on financial matters; Denver law firm Nossaman LLP, where

SEE RAIL BOARD, 3A



Allen J. Schaben / Los Angeles Times

A powerful wave crashed against seawall boards and damaged beachfront homes along the Long Beach Peninsula on Thursday ahead of Tropical Storm Rachel's arrival.

South state braces for Rachel as powerful waves batter coast

BY HANNAH FRY AND RONG-GONG LIN II
Los Angeles Times

Coastal communities from Newport Beach to Long Beach were hit by significant flooding from large waves on Friday as Southern California braced for the arrival of Tropical Storm Rachel, which was expected to make landfall near the California-Mexico border early Sunday.

Rachel's arrival brought the potential for strong winds, rain and more damaging coastal flooding. If the storm continued on its current trajectory, Rachel's effects would be felt mostly in San Diego County. However, Orange and Los Angeles counties were still forecast to see widespread rain and



High tides and large waves caused widespread flooding on the Balboa Peninsula in Newport Beach on Friday ahead of Tropical Storm Rachel's arrival.

isolated coastal flooding as a result of the system, according to the National Weather Service.

"Even though the center of Tropical Storm Rachel will be well south of Los Angeles County, the significant swell in

the ocean coming initially from the south, and then also phasing with a swell from the west, will bring coastal flooding concerns from any time from now through Tuesday, peaking on Sunday," said National Weather Service Meteorologist-in-Charge Ariel Cohen.

The National Weather Service office in San Diego on Friday issued a rare tropical storm watch for most of San Diego County, meaning that tropical storm-force winds were possible somewhere in the area over the next 48 hours. It was only the second time a tropical storm watch had been issued in California.

The incoming storm could damage porches, awnings, carports, sheds and unanchored mobile homes, and snap off large tree branches, posing a safety risk, the weather service said. It warned of hazardous driving conditions on bridges and other elevated roadways.

SEE RACHEL, 2A

Newsom reportedly mulls commuting all CA death sentences

BY LIA RUSSELL
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Gov. Gavin Newsom is reportedly considering commuting the sentences of the 563 people condemned to death row in California prisons, as public opinion has shifted in the week since a Tennessee female prisoner survived a botched execution by lethal injection.

Newsom, who is term-limited, has discussed with his advisors reducing death row inmates' sentences to life in prison without parole as one of his final acts in office, according to the New York Times. The outgoing Democratic governor is considering a run for president in 2028.

Newsom first put a moratorium on the death penalty via an executive order he issued in March 2019 shortly taking office earlier that year.

At the time, Newsom called the death penalty "ineffective, irreversible and immoral." He said it was the end result of a 40-year moral journey informed by his Irish Catholic faith and the experience of his foster brother, who was paroled from San Quentin in 1996 after serving time for drug-related offenses. Since then, the once-notorious prison closed its death chamber and Newsom has upheld it as a model of rehabilitation.

"Governor Newsom has been clear about his position on the death penalty since his first year in office, when he ordered a moratorium on executions," said spokesperson Diana Crofts-Pelayo on Thursday. "He believes the intentional killing of another person is wrong."

Xavier Becerra, Newsom's

SEE NEWSOM, 4A

Prediction markets vs. state gambling laws in Calif.

BY SHARON BERNSTEIN
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Sports betting is banned in California, even at tribal casinos. Yet online companies such as Kalshi and Polymarket offer customers in the state the opportunity to wager on the outcome of professional athletic events using a brokerage system that

critics say is the equivalent of gambling.

Is it legal? State and federal regulators disagree — as do courts across the country.

An adviser to one of the companies, who was not authorized to speak publicly, said prediction markets took off before regulations could be developed — but the industry eventually expected controls to be enacted.

"The plane is definitely being built while it's in the air."

We put together this primer to explain the issues.

WHAT ARE PREDICTION MARKETS?

Prediction markets grew out of the world of commodities trading. Just as a farmer could bet on the future value of a corn crop, and trade away the right to buy

or sell it at that price, participants in prediction markets enter into contracts that they then buy or sell based on other sorts of events that might happen.

In recent years, Kalshi and other companies have set up exchanges, much like stock or commodities exchanges, allowing individuals to do their own trading. On these exchanges, traders buy and sell contracts

that seek to predict the outcomes of elections, the arrival of storms or the results of athletic competitions.

Contracts based on the outcome of professional sporting events proved particularly popular. Heavily advertised on sports platforms, such bets or guesses make up 80% of Kalshi's prediction business, or 60% of its total trading when crypto and commodities are included, the company said.

SEE GAMBLING LAWS, 10A