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State Wants Money Back From Nonprofit

By Dan Morain

December 22, 2004 *in print edition B-1*

Four years after securing \$2.2 million from the state to buy land for a soccer complex, a nonprofit Los Angeles group is being asked to return money that went to the executive director's sons, and California officials' monitoring of taxpayer funds is being questioned.

One of 80 projects paid for with "pork-barrel" grants that have drawn the attention of state auditors, the soccer site – a clay field with six nets at Slauson Avenue and Main Street – is far from the 800-seat recreation center envisioned by the nonprofit group Concerned Citizens of South Central Los Angeles.

The state took \$1.3 million back from Concerned Citizens last year, after discovering that the group already had bought the land with a grant from the city.

And state Department of Parks and Recreation auditors are waiting for Concerned Citizens to repay \$150,000, most of which went to the sons of Juanita Tate, the group's executive director until her death last summer. The rest went mostly to consultants and contractors, according to state documents.

The group, which advocates for economic development in South-Central L.A. and manages low-income housing, has missed three deadlines for returning the money. The last one was Nov. 30.

Tate and one of her sons, Mark Williams, co-signed many of the checks that went to him, totaling \$49,500, auditors found. State records show that a \$63,000 payment went to the other son, the Rev. Eugene Williams.

The state had not imposed an anti-nepotism rule. Officials said they were challenging the payments because Concerned Citizens failed to prove that the money was used for acquisition of the field, as called for in Parks Department documents related to the grant.

Carl DeMaio, head of the Performance Institute, a nonpartisan budget watchdog group in San Diego, said the payments to family members and the receipt of money from both the city and the state for the same land purchase should sound "alarm bells."

"This requires a full audit, outside of the Department of Parks and Recreation," DeMaio said.

"We need better procedures in place," said state Sen. Dave Cox (R-Fair Oaks).

Mark Williams, Concerned Citizens' youth program director, declined to be interviewed, but said in partial response to written questions that the organization "will resolve the grant balance" within 30 days. He said the project will cost \$13 million, and the first phase will be completed in May.

Williams signed a contract with his mother that said he would provide "project development services." He said in his written response that he and Eugene Williams are "uniquely qualified to do what my mother spent her life training and preparing us to do" and that it was "appropriate" for Tate to hire them. "Juanita Tate's judgment was sound. Her integrity was impeccable," he said.

State records show that Tate reported paying Eugene Williams because he helped buy the land. Eugene Williams said in an interview that he never hid his arrangement with his mother and that he has been paid less than a third of the \$210,000 promised him in the contract he signed with her. He also said he saved taxpayers money by persuading the land's previous owner, Mount Zion Baptist Church, to cut the price substantially.

"It is a project that is very worthwhile," Eugene Williams said. "It is something we have invested a ton of time and energy in. This is a major endeavor for us, and we want to see it happen."

Details of the financial review have emerged as auditors have sought to learn what became of millions in grants given by lawmakers and then-Gov. Gray Davis to nonprofit corporations from 1999 to 2002, when the state was flush with tax revenue from the high-tech boom.

Groups received the grants at the behest of individual legislators, and were not required to undergo the detailed examination usually required for organizations that win competitive projects. The grant to Concerned Citizens is the third in which auditors have sought significant refunds.

In one instance, a Los Angeles pastor accepted \$221,000 to create a museum at Crenshaw High School honoring the Rev. Martin Luther King Jr. and Cesar Chavez. The pastor, the Rev. Willie J. Bellamy, placed a portable classroom in the school's parking lot, and recently hung some pictures of King and Chavez in it. But state Controller Steve Westly said Bellamy failed to justify his use of the money.

Bellamy said he spent it on expenses related to his project, including his salary.

In another case, the nonprofit San Francisco Neighbors Resource Center received \$492,000 in 2001 for a community center that was never built. Atty. Gen. **Bill Lockyer's** office has alleged that people affiliated with the group diverted \$125,000 of the money, using it for campaign donations to Secretary of State Kevin Shelley, who secured the grant when he was a state assemblyman from that district. State and federal authorities are investigating.

The San Francisco group has denied wrongdoing, and Shelley has said he was unaware of the source of the money.

In 2000, state Sen. Kevin Murray (D-Culver City) asked that state budget writers include money for the soccer field, which is in his district. The noncompetitive process is a hallmark of the funding of lawmakers' pet projects.

Murray said much parks money has been spent "protecting open space hundreds of miles from where people live, and preserving the views of rich people who live near the ocean." He has pushed to direct money to urban areas so "kids can ride their bikes" to the parks.

"I have a healthy skepticism of nonprofits, but these people had a history of success," Murray said, citing Concerned Citizens' development of low-income housing. "Are they as sophisticated as the big environmental groups? They aren't. But they had a track record."

As with the other "pork" grants, the state Department of Parks and Recreation was directed to deliver the money. Officials did not check Concerned Citizens' financial stability or accounting acumen, or visit the site of the land purchase.

Parks Department spokesman Roy Stearns said Concerned Citizens "clearly got money from two sources. They also clearly did not tell us and did not spend the money as agreed and certified. They were wrong to not notify us immediately. We did catch it and we did stop, and we ordered an audit."

He added that parks officials probably would allow the group to reclaim most of the contested money if it developed a new plan for using it, so as "not to kill a worthwhile project if we can correct the problems and put them on a proper course."

Sherri Franklin, who was Concerned Citizens' real estate agent for the land sale and is a consultant to several Los Angeles-area nonprofit groups, said most grant-making entities set forth detailed rules for spending.

The state, by contrast, "didn't give any criteria to organizations upfront," she said. There was, for example, no instruction on what kinds of receipts were needed to justify expenditures.

"Now the state is coming back after the fact and giving regulations and rules. I don't think that's fair," Franklin said.

Franklin, who ran for the City Council last year, is among the Los Angeles political figures who praise Concerned Citizens, calling the group a "change agent."

In its literature, Concerned Citizens said it envisioned a "state of the art soccer field" to be used by hundreds of children each month. The goal, the literature says, is to improve relations between Latinos and African Americans and provide open space in a part of the city that has few parks.

The group said the complex would have seating for 800 spectators, a scoreboard and a community building that would have space for day care, computer and video training, a commercial kitchen, swimming and weight training, plus a parking structure for more than 200 cars.

As it is, the field, which is padlocked most of the time, has the six nets, a portable toilet and lights affixed to telephone poles. Neighbors say soccer teams use the field in evenings and on weekends.

Concerned Citizens promised to transform the 3-acre lot, which was once an industrial site and had become a homeless encampment. The group bought the land in December 2001, paying \$2.1 million, which it received from the city. Five months earlier, it had received some money from the state for the same purpose. It accepted a final installment of the state money in April 2002.

Auditors began looking at Concerned Citizens in May 2003, largely because part of the group's grant came from Proposition 12, a parks bond issue approved by voters in 2000. That measure required financial reviews of its projects. Auditors quickly found the overlap between state and city money.

Concerned Citizens had completed a form in April 2002 requesting that it "list other funds on the project." The group had checked "None." It also submitted escrow documents suggesting that it had used state money for the purchase.

After the state found the discrepancy, it sought and received the \$1.3-million refund. Meanwhile, auditors homed in on the remaining state money, questioning the payments to Mark Williams and the payment to Eugene Williams' firm, MAAT Consultants Inc., for help in buying the property.

The state approved more than \$800,000 for such expenses as an additional parcel of land, demolition and construction, architecture and engineering, and property taxes.

Eugene Williams said the group, now headed by Noreen McClendon, a daughter of Juanita Tate, is pressing ahead. "The hope is that it would have been done by now," Williams said. "

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