

LWV

July 09, 2009

Residents Voice

Conrad Grundke

07/09/2009

Residents Voice

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Where Are We Today 04/19/07?

1. 3/31/7 – Received Billing Records from PCM.
2. 4/04/7 – Portlock & Johns speak on TV 6.
3. 4/05/7 – Billing Records analysis to RVoice.
4. 4/11/7 – Mailed Registered Letter to all Boards.
5. 4/13/7 – Published Press Release to Media.
6. 4/13/7 – Mailed Letter to G Portlock.
7. 4/17/7 – Third Mutual Board Meeting
8. 4/17/7 – Published Press Release to Media.

4/19/7 V5.0

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Credit Cards

- It took 4 years before credit card billing records were provided to Directors and Owners.
- During that time the General Manager stated several times that the credit cards were for “Emergency Use” only.
- Some samples of *“Emergency Use!”*

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Date	Desc	Day	Total
12/10/04	Sushi Wok Express	Fri	\$68.70
12/14/04	Gullivers	Tue	\$543.72
12/15/04	Cedar Creek Inn	Wed	\$280.70
	The Lobby Lounge	Wed	\$74.65
	The Loft	Wed	\$507.16
12/16/04	BJS Rest & Brew	Thu	\$31.10
12/17/04	Dana Warf Sportfishin	Fri	\$375.00
	The Lobby Lounge	Fri	\$111.51
	The Loft	Fri	\$356.01
12/20/04	BJS Rest & Brew	Mon	\$29.00
12/21/04	Beach House	Tue	\$171.00
12/22/04	Lawry's Five Crowns	Wed	\$834.31
	Macaroni Grill	Wed	\$29.28

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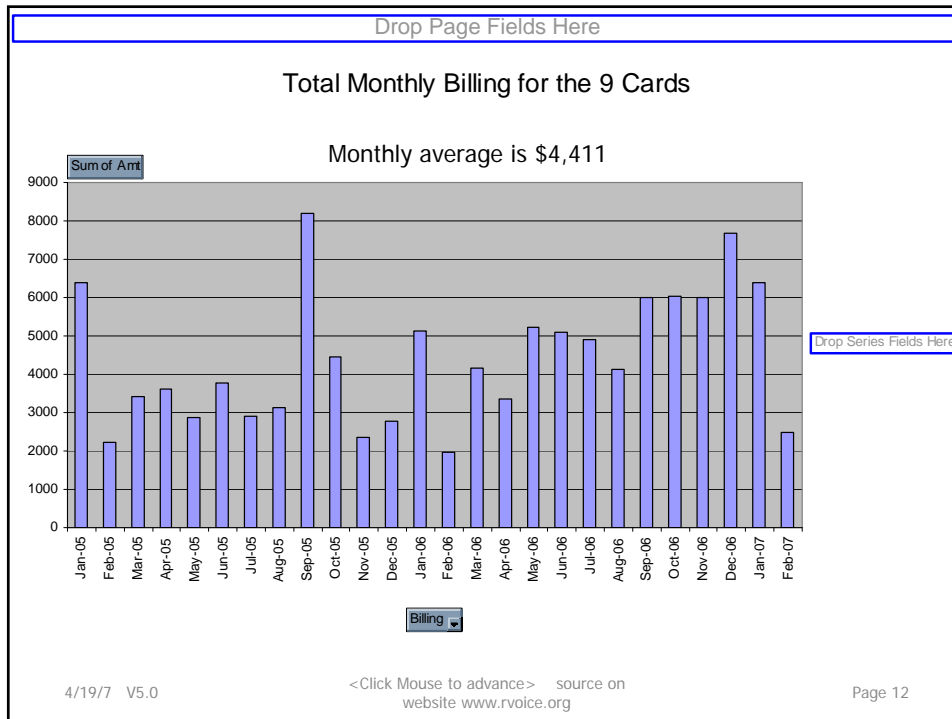
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Date	Desc	Day	Total
12/30/04	On The Border	Thu	\$27.31
01/04/05	Sushi Wok Express	Tue	\$112.93
01/05/05	Baja Fresh	Wed	\$26.78
01/06/05	CACM	Thu	\$315.00
	Claim Jumper	Thu	\$141.88
	On The Border	Thu	\$29.31
01/10/05	Players Sport Grill	Mon	\$37.78
01/11/05	Sushi Wok Express	Tue	\$87.89
01/12/05	On The Border	Wed	\$27.31
01/13/05	Casa De Pico	Thu	\$30.00
01/17/05	Sushi Wok Express	Mon	\$19.73
01/18/05	Sushi Wok Express	Tue	\$88.16
01/19/05	On The Border	Wed	\$28.31

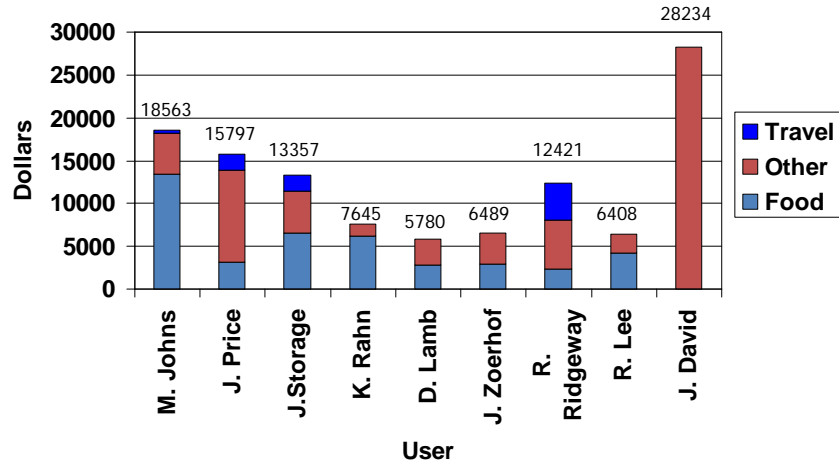
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Who Spent The Money?



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Background

- Questions were brought up by Residents Voice concerning the \$1,036.37 Credit Card Charges that were paid to Tannins by Mr. Johns.
- At the May 1, GRF Board Meeting Mr. Johns explained that, “These charges were for catered meals for the Boards at their monthly Board Meetings.”

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Analysis Background

- Tannins is located in San Juan Capistrano, which is 30 miles round trip from the Laguna Woods Admin Bldg.
- Luncheons normally are planned for 11 Board Members and 3-5 Staff people.
- Board Meetings are held on the 1st, 2nd & 3rd Tuesday of each month.

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Tannins Wine Bar & Rest Credit Card Charges

• 09/12/06	Tannins Wine Bar & Rest	\$154.36
• 09/19/06	Tannins Wine Bar & Rest	\$151.50
• 10/03/06	Tannins Wine Bar & Rest	\$188.83
• 10/04/06	<i>Tannins Wine Bar & Rest</i>	\$157.21
• 09/28/06	<i>Tannins Wine Bar & Rest</i>	\$198.53
• 10/17/06	Tannins Wine Bar & Rest	\$185.94

Total \$1,036.37

Non-Tuesdays \$ 355.74

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Conclusion

- YES! Mr. Johns could have paid for catered lunches for the Boards.
- YES! Mr. Johns could have paid for other catered luncheons that did NOT include the Boards.
- No one said that, “Mr. Johns **ONLY** used his GRF Credit Card for his personal use.”

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“Splashes” on their Website

- Prompt Seating: Yes
- Good for kids: No
- Make Reservations: Yes
- Good for Groups: No
- Romantic: Yes
- Expensive: Yes
- Ambience: \$ **Y**\$ **E**\$ **S**\$

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Charges at "Splashes" by GM Milt Johns

• 03/24/05	Thursday	\$40.10
• 03/24/05	Thursday	\$326.86
• 08/17/05	Wednesday	\$371.08
• 10/22/05	Saturday	\$179.32
•		
• Total		<hr/> \$917.36

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Some Observations

- None of the days fell on a Board Meeting Tuesday.
- Splashes does not cater meals, except as Room Service.
- Surf & Sand has 14 Meeting Rooms the smallest of which have a 30 person capacity for Banquets.

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Expense Reimbursements

- With the legislative changes to the Davis Stirling Act, the Home Owners Associations are limited in what information they are NOT obligated to provide to the owners.
- **Residents received 2 years of Expense Reimbursement records and review of these records questions the legal and ethical use of these charges by PCM.**

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- Expenses are used as deductions in the IRS tax computations.
- **IRS defines legitimate expenses as those costs that have a direct benefit to the corporate owners.**
- They also compare expenses with those of like industries, in our case (Home Owner Associations).
- **With that in mind, do the following sound to you as legitimate expenses:**

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- The following are samples of one of nine divisions in PCM (the Finance Div).
- To minimize the amount of data, only expenses associated with food/meals are included in this information.
- The Finance Division is divided into 6 Work Centers
 - 300, 310, 311, 330, 360, 370

# Emp	Wk Ctr	Wk Ctr Desc	Total
4	300	Financial Services Admin	\$241.51
13	310	Accounting	\$3,033.48
3	311	Warehouse	\$2,104.59
4	330	Budget & Financial Planning	\$2,554.82
14	360	MIS	\$840.13
5	370	Purchasing	\$2,718.16
43		Food Total	\$11,492.69

Work Center 310 – Accounting (13 Employees.)

- The following slide is a listing of some of the charges associated with Food and Travel for Food.

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Wk Ctr	Date	Wk Ctr Desc	Description	Total
310	02/09/05	Accounting	Janet Retirement	\$42.36
	04/07/05	Accounting	Audit debriefing with accountants	\$47.04
	04/21/05	Accounting	End of Audit Celebration	\$139.77
	05/04/05	Accounting	1st Qtr BD Lunch	\$103.34
	06/22/05	Accounting	2nd Qtr Staff Luncheon	\$191.46
			Travel - 2nd Qtr Staff Luncheon	\$42.99
	08/24/05	Accounting	3rd Qtr Staff Luncheon	\$185.25
	12/02/05	Accounting	4th Qtr Staff Luncheon	\$188.44
	12/09/05	Accounting	Holiday Luncheon	\$559.57
			Travel - Holiday Lunch	\$5.92
	04/07/06	Accounting	End of Audit Staff Celebration	\$216.66
			Travel - End of Audit Staff Celebration	\$5.54
	06/27/06	Accounting	1st Qtr Staff Luncheon	\$246.72
			Travel - 1st Qtr Staff Luncheon	\$3.45
	09/21/06	Accounting	2nd Qtr Staff Luncheon	\$232.17
			Travel-2nd Qtr Staff Luncheon	\$14.08
	10/21/06	Accounting	3rd Qtr Staff Luncheon	\$194.22
11/14/06	Accounting	Holiday Luncheon - Accounting Staff	\$358.23	
		Travel-Holiday Luncheon - Accounting Staff	\$13.11	
12/21/06	Accounting	4th Qtr Staf Luncheon	\$243.16	

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Work Center 370 – Purchasing (6 Employees)

- The following slide is a listing of some of the charges associated with Food and Travel for Food.

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Date	Wk Ctr Desc	Description	Total
01/06/05	Purchasing	Nicole Review Lunch	\$46.00
02/03/05	Purchasing	Nicole BD lunch w June,Delorie,Debbie,James	\$152.00
02/16/05	Purchasing	Farr's review lunch	\$48.00
05/17/05	Purchasing	Raul,Jim,Leo,Delorie,Nicole,James	\$228.86
06/02/05	Purchasing	Debbies BD lunch w Gina,Nicole,James,Delorie	\$128.00
07/29/05	Purchasing	Debbie's review lunch	\$62.00
08/03/05	Purchasing	Gina's review lunch	\$58.00
08/22/05	Purchasing	Mtg lunch with Debbie	\$22.00
09/15/05	Purchasing	Delories BD Lunch w James, Debbie, Nicole	\$108.00
10/20/05	Purchasing	Zoehof Lunch	\$29.00
11/03/05	Purchasing	Gina BD Lunch w James,Debbie,Delorie,Nicole	\$130.00
11/08/05	Purchasing	Parking for Marriott Luncheon	\$4.00
12/14/05	Purchasing	Xmas Lunch w James,Nicole,Gina,Delorie	\$513.00
01/05/06	Purchasing	Nicole's Review Lunch	\$32.00
02/02/06	Purchasing	Nicole's BD Lunch w James,Delorie,Debbie,Gina	\$137.00
02/21/06	Purchasing	Delorie's Review Lunch	\$63.00
04/18/06	Purchasing	Gina's review lunch	\$53.00
06/13/06	Purchasing	Dinner w consultant - Towers Hair Salon	\$45.00
07/25/06	Purchasing	Debbie BD lunch w James,Gina,Nicole,Delorie	\$123.00
08/09/06	Purchasing	Debbie's review lunch	\$40.00
08/22/06	Purchasing	Janet's BD Valet Parking	\$6.00
09/07/06	Purchasing	Delorie BD Lunch w Debbie,James,Gina,Nicole	\$130.00
11/07/06	Purchasing	Gina BD Lunch w Delorie,Debie,Nicole,James	\$108.00
11/30/06	Purchasing	Xmas Lunch w debbie,Scott,Gina,Maggie,Delorie,Nicole,Raul,James	\$441.30
June 7, 2007		Resident's Voice	\$2,718.16

- The following is a subset of the charges on the prior page for Work Center 370.
- Reading these charges is indicative of the extravagant use of the Mutuals money for meals.

(BD = Birth Day)

Date	Description	Total
02/03/05	Nicole BD Lunch w June,Delorie,Debbie,James	\$152.00
05/17/05	Raul,Jim,Leo,Delorie,Nicole,James	\$228.86
06/02/05	Debbies BD Lunch w Gina,Nicole,James,Delorie	\$128.00
09/15/05	Delories BD Lunch w James, Debbie, Nicole	\$108.00
11/03/05	Gina BD Lunch w James,Debbie,Delorie,Nicole	\$130.00
12/14/05	Xmas Lunch w James,Nicole,Gina,Delorie	\$513.00
02/02/06	Nicole's BD Lunch James,Delorie,Debbie,Gina	\$137.00
07/25/06	Debbie BD Lunch w James,Gina,Nicole,Delorie	\$123.00
08/22/06	Janet's BD Lunch Valet Parking	\$6.00
09/07/06	Delorie BD Lunch w Debbie,James,Gina,Nicole	\$130.00
	Parking-Delorie BD Lunch w Debbie,James,Gina,Nicole	\$5.00
11/07/06	Gina BD Lunch w Delorie,Debie,Nicole,James	\$108.00
11/30/06	Xmas Lunch w debbie,Scott,Gina,Maggie,Delorie,Nicole,Raul,James	\$441.30
Grand Total		\$2,210.16

How Did The Owners Benefit From These Expenses?

You'll have to be
the judge of that?

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Conclusion:

- We cannot Trust PCM, GRF, or our Corporate Attorney.

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