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Just Cause says it erred, but was legal

Oakland group officials challenged over expenditures and sources in backing anti-eviction ballot measure

By Robert Gammon and Heather MacDonald, Oakland Tribune

Thursday, August 12, 2004 - OAKLAND -- Although they admitted spending about \$55,000 more than reported on a 2002 anti-eviction ballot measure, Just Cause Oakland officials on Wednesday denied using illegal funds in the campaign.

Adam Gold, head of Just Cause Oakland, said the group would soon file amended campaign finance statements detailing dozens of undisclosed expenditures, including the design and postage for five direct-mail pieces touting Measure EE, which narrowly passed in November 2002.

"We had a volunteer treasurer who was very vigilant about entering the income, but the stuff concerning the expenditures ... that never got filed," Gold said.

Gold's admissions came in response to a complaint filed with the city's Public Ethics Commission by a landlord group that opposed Measure EE.

The failure to disclose the expenditures for nearly two years means Just Cause faces possible fines from the Public Ethics Commission and the state Fair Political Practices Commission.

But Gold and Dawn Phillips, former executive director of People United for a Better Oakland, a local police watchdog group, denied the main alle-

gation by the landlord group -- that Just Cause Oakland illegally used PUEBLO funds to campaign for Measure EE.

Gold and Phillips also denied they were involved in the alleged embezzlement of \$185,000 of PUEBLO funds, revealed recently in a financial audit of the organization.

The audit found at least one or more former top executives stole from PUEBLO during the last two years and left the organization bankrupt.

While the audit did not name those responsible for the thefts, Phillips ran PUEBLO during the time covered. Gold became part of PUEBLO after Just Cause merged with the larger organization in January 2003, following the election.

Phillips and Gold said they believe funds were stolen from PUEBLO, and they laid the blame on a former employee. The Oakland Tribune is not naming that person because the person has not been arrested or charged in the ongoing police investigation.

But Phillips and Gold disputed the auditor's conclusion, saying they did not believe all of the \$185,000 was stolen. Some of the unaccounted for money was spent on legitimate PUEBLO activities, such as stipends and reimbursements for gas and mileage, they said.

Phillips and Gold said if they had been allowed to speak with auditor Henry Levy, an Oakland-based certified public accountant hired by PUEBLO's interim board, they could have provided explanations for some questionable expenditures Levy discovered.

"This is looking much more like a witch hunt than getting to the bottom of what really happened," Gold said.

Walter Riley, a PUEBLO board member, declined to comment on the audit.

Levy said in an interview Tuesday he would ask the PUEBLO board, which hired him, if he could talk with Phillips and Gold.

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"I hope I can talk to them, and I hope it sheds light on what really happened," Levy said.

After being fired in March from PUEBLO, Phillips and Gold started a new social justice organization, dubbed Project X.

In a written response to the audit, Phillips accepted some responsibility for "mistakes and oversights made in the financial oversight of the organization."

For example, Phillips acknowledged in an interview that the former top employee he and Gold believe stole from PUEBLO had access to the organization's checkbook nearly a year after resigning voluntarily.

Phillips said he was distracted by the rift between members of the organization who wanted to focus on police misconduct and those, such as Phillips, who wanted to focus on a variety of issues, including environmental justice.

Rashidah Grinage, a PUEBLO member and the group's principal spokeswoman, called Phillips' explanation "convenient."

"(Phillips') failure was titanic and brought the organization to the brink of destruction," Grinage said.

The landlord group, Rental Housing Association, that filed the ethics complaint against Just Cause and PUEBLO also labeled Gold's explanation of Just Cause's failure to reveal about

\$55,000 in expenditures as "convenient."

"They were supposed to file their expenditures with the city of Oakland during the campaign so that people could view them," said Wayne Rowland, housing association president.

The housing association alleged in its complaint that Just Cause spent far more during the 2002 election campaign than it reported, noting the group put out at least five mailers, which can cost several thousand dollars each.

But the group's finance records show only about \$5,000 was spent on mailers. In all, the group reported it raised

\$80,000 for the campaign but spent only \$25,000, leaving it with a surplus of about \$55,000 when the election was over.

The landlord group suspects PUEBLO actually paid for the mailers, possibly using city funds it had received from a 2001 grant.

But Gold and Phillips denied that charge Wednesday and provided Just Cause's bank statements and canceled checks from fall 2002 to prove Just Cause -- not PUEBLO -- paid for the mailers.

Bank documents show Just Cause spent \$80,000 in the last four months of 2002 and had only \$900 left when the campaign was done.

Dan Purnell, ethics commission executive director, declined comment on what, if any, fines Just Cause may face for failing to reveal its true expenditures for nearly two years.

But Bob Stern, president of the Center for Governmental Studies in Los Angeles and former FPCC general counsel, said the organization almost certainly will be fined either by the Oakland commission or the state or both.

"Somebody really screwed up," he said.