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Audit: Nonprofit plagued by thefts

Ex-PUEBLO officials embezzled \$185,000, report finds

By Heather MacDonald and Robert Gammon, Oakland Tribune

Saturday, August 07, 2004 - OAKLAND -- Former top officials at one of Oakland's fiercest watchdog groups embezzled \$185,000 from the organization, leaving it bankrupt, according to a newly released audit of People United for a Better Oakland.

The audit of PUEBLO's finances has also sparked a complaint against Oakland's anti-eviction ordinance, known as Just Cause.

Landlord groups that have long opposed the measure filed a complaint Friday with the city's Public Ethics Commission alleging the 2002 Just Cause campaign might have illegally used taxpayer funds designated for PUEBLO.

"The idea that tax money might have been used to fund a political campaign -- that's terrible," said Wayne Rowland of Oakland-based Rowland Property Management. "The public needs to know what happened to their money."

PUEBLO is a nonprofit organization that received

\$200,000 from the city through its Oakland Fund for Children and Youth in 2000-01.

Rashidah Grinage, a member of PUEBLO and its principal spokeswoman, said she had not seen any evidence the group's funds were used for the Just Cause campaign, but acknowledged it was possible.

Grinage said the relationship between PUEBLO and Just Cause was "unapproved and unauthorized" by PUEBLO's former board of directors, which was dismissed in March.

"It's very, very clear that the board wasn't on top of the spending decisions and that's what led to the dire situation we're in now," Grinage said.

A police investigation of PUEBLO and its former top leaders has been on hold while Henry Levy, an Oakland certified public accountant, completed the audit.

Grinage said she hopes the police, who are often targets of PUEBLO's scorn and criticism, would pursue the matter "vigorously."

Levy's audit, released July 23, found PUEBLO's former top officials wrote and cashed checks for more than \$130,000 and racked up \$55,000 in credit card expenditures "which appear to have no relevance to the work and mission of the organization."

We believe that \$185,000 was the actual embezzled amount," according to the audit. "We believe there is significant evidence of wrongdoing."

Levy was not available for comment late Friday afternoon.

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The audit also found PUEBLO's former top officials failed to report \$465,000 in expenditures to the former board of directors, beginning in March 1, 2002 through March 5, 2004.

Levy said he could not conclude which of the former top officials, or how many of them, were involved with the alleged embezzlement. According to Levy, many of the credit card purchases were made by people not employed at the time by PUEBLO.

While transactions in the name of one person accounted for \$100,000 of the misspent funds, it is not clear whether he or she was solely responsible, Levy concluded in the audit.

Some of the questionable purchases were for clothing, jewelry and entertainment, Grinage said.

On at least one occasion a contribution to PUEBLO ended up in the personal account of one of the group's employees, the audit concluded.

In addition, Levy concluded PUEBLO officials overstated the health of the organization in 2003, reporting it had more than \$165,000 in its account when it only had \$2,000 on hand.

The audit also said PUEBLO's 2002 tax filing was not reliable. And even though the group reported receiving \$1 million from March 2002 to March 2004, the audit said PUEBLO is now "out of funds."

Levy blamed some of the problems on lax oversight by the board of directors, but laid most of the responsibility on the former top employees of PUEBLO.

The management structure of the organization during the time period covered by the audit included PUEBLO Executive Director Dawn Phillips; Just Cause Executive Director Adam Gold; PUEBLO Operations Analyst Cameron Yee; PUEBLO Operations Director Christopher Donaldson; and PUEBLO Office Manager Gabriela Gonzales.

Yee left PUEBLO in 2002, Donaldson in 2003 and Phillips, Gold and Gonzales were fired in March.

Phillips and Gold were not available for comment late Friday afternoon, while the others could not be reached. In the past, Phillips has denied personally benefiting from any of the misspent funds.

Although the audit's findings are troubling for the organization, there is no specific indication any of the \$185,000 in embezzled funds went directly to the Just Cause campaign.

However, the audit revealed PUEBLO, which included Just Cause, used just one bank account for all of its funds.

Just Cause, known as Measure EE, narrowly passed in November 2002 and makes it more difficult for landlords to evict tenants in Oakland.

Opponents of the measure, who have filed suit to overturn it, said they believe PUEBLO funds might have been used to support Measure EE because the campaign appeared to spend far more money than it reported to the Oakland City Clerk's office.