

## **Van de Kamps Coalition-Initiated Audit by State Controller Identifies A Shocking \$140 Million Of Misspent Taxpayer Bond Funds At Los Angeles Community College District**

*In Ongoing State of Institutional Failure and Arrogant Denial – Chancellor Daniel LaVista Responds To State Audit By Denying Each And Every Major Finding By The State Controller’s Audit*

### **Van de Kamps Coalition Calls For Resignation By Three Remaining LACCD Board Members Most Responsible For The Misspent Funds: Mona Field, Kelly Candaele and Nancy Pearlman**

(Los Angeles, August 9, 2011) State Controller John Chiang today released a 78-page audit that confirms long-standing Van de Kamps Coalition charges that the Los Angeles Community College District (“LACCD”) has misused and wasted taxpayer bond funds since the inception of the building program in 2001. Chiang’s audit identified a total of \$143 million of questioned costs out of the \$2.75 billion spent thus far. This translates into a waste of more than 5% of the total expenditures of the LACCD’s bond program to date – a shocking amount of funds lost as the District’s bond counsel continued to approve the illegal expenditures.

In Spring of 2009, the Van de Kamps Coalition steering committee members began to question an announcement by LACCD officials that Los Angeles City College could not afford to operate the nearly completed \$86 million satellite campus. It was claimed by LACCD officials that LA City College had to transfer control of the Van de Kamps Campus over to the Central District Office who would then in turn lease out the campus “temporarily”.

By summer of 2009, public records requests by the Van de Kamps Coalition revealed that LACCD officials were using millions of dollars of bond funds to modify classroom designs and accelerating construction in order to suit the desires of the proposed tenants of the Van de Kamps site. The Controller’s audit has found that LACCD officials, despite Van de Kamps Coalition public objections to stop misusing bond funds, continued to spend over \$10 million to modify the campus buildings to please the Alliance for College-Ready Public Schools, a private charter high school, and the Mayor’s Office of the City of Los Angeles, through Deputy Mayor Larry Frank.

“The audit has confirmed that the Van de Kamps Coalition accusations of waste of taxpayer funds was correct from the outset,” say Laura Gutierrez of the Coalition. “By December 2009, when we saw Mona Field, Kelly Candaele, and Nancy Pearlman voting to spend \$5 million of bond funds to purchase the Denny’s and Pollo Loco Restaurants next to Van de Kamps for ‘no stated reason at all’, we went to the Board meeting and objected,” said Miki Jackson also a Coalition steering committee member. “Mona Field, and now

resigned Board member Sylvia Scott-Hayes, sat there denying any misuse of bond funds. They actually sneered at us," Jackson said.

Ultimately, the Van de Kamps Coalition made their way to State Controller John Chaing, who was the first, and so far, only public official who refused to cover up the growing scandal of incompetent LACCD management of the huge \$5.7 billion bond program.

Daniel Wright, legal counsel to the Van de Kamps Coalition recalled the meeting with State Controller's Office officials: "In Fall 2010, after several months of sharing some key documents with auditors from Mr. Chaing's office via email, two auditors flew down to Los Angeles and we personally met with them all afternoon in Culver City. They accepted stacks of documents that we prepared, not only about Van de Kamps, but also about the hiring of a completely incompetent person as Inspector General, and the ongoing failure of the District Bond Oversight Committee to assert itself by demanding its own legal counsel and an analyst to help it truly independently review bond expenditures," Wright said.

"Laura Gutierrez told them that Van de Kamps was the tip of the iceberg and that millions of dollars had been illegally spent on self-promotional videos, food, travel, and marketing," he said. "I told them I would not be surprised if the misused funds exceeded \$100 million, but I was wrong, it's way more than \$100 million," Wright said.

Chaing's auditors spent most of December 2009 going into LACCD offices and demanding to review bond program documents, accounting ledgers, contracts, and procurement records. Chaing's audit made findings of \$143 million of improperly spent funds, waste on promotional videos and photography that featured LACCD Board members, procurement irregularities that resulted in giving a \$3.25 million Inspector General contract to a former LAUSD employee with virtually no experience being an Inspector General, and findings that the LACCD's District Citizen's Oversight Committee was totally deficient in any active review of the massive bond expenditure program.

The one irony of Chaing's audit was that the Controller confessed he was unable to completely assess the legality of LACCD staff's actions in connection with Van de Kamps. "We are concerned that Mr. Chaing, so far, has accepted excuses made by LACCD General Counsel Camille Goulet that LACCD does not have to turn over public financial records about Van de Kamps expenditures because we have a pending environmental lawsuit against the District," said Jackson. Attorney Wright said: "I know of no legitimate exemption of the Public Records Act that allows LACCD to withhold basic documents about what they did at Van de Kamps based upon litigation. They might be able to legitimately withhold certain documents prepared in response to litigation but not documents that show what they were doing in the time before litigation began," he said.

Despite that the State Controller's audit confirming the Van de Kamps Coalition's allegation of official wrongdoing, so far, District Attorney Steve Cooley's office and State Attorney General Kamala Harris's office remain quiet. "We went to the office of Jerry Brown when he was Attorney General. When his staff conceded that there might be

misspent funds, but refused to intervene saying he 'had no budget for enforcement', we saw it as one more example of the corrupt Democratic machine in Los Angeles covering up another theft of taxpayer funds," said Jackson. "State law allowed Jerry Brown to recover the cost of his investigation from LACCD, and he tried to give us that 'BS' excuse about the cost of investigation. It's a complete failure, because we might have been able to stop millions of dollars of waste two years ago," said Gutierrez.

In the meantime, the Van de Kamps Coalition will continue to educate the public and call for the removal of the three remaining LACCD Board Members who are responsible for failed oversight of the bond program: Board members Mona Field, Kelly Candaele, and Nancy Pearlman.

###

For more information:

[www.VandeKamps.org](http://www.VandeKamps.org)

Miki Jackson  
(323) 855-0764