

President Conners, It's Time to Tell the Whole Truth About the PCM Employee Incentive Plan

Did Third Board President Cynthia Conners pierce the veil of confidentiality with her revelations of the PCM Employee Incentive Plan in the May 15 Laguna Woods Globe Directors Corner? While some believe that Conners has unwittingly opened the door to complete financial disclosure of this closely guarded, highly secretive PCM Plan, there are others who see Conners Directors Corner as a clumsy attempt at half-truths and deception. Aside from a seemingly desperate and insatiable need for attention, many are wondering why Conners wrote the article.

This PCM Employee Incentive Plan was virtually unknown to Directors and residents until mid-2006 when a Director stumbled upon a \$300,000 line item in a financial statement at a Finance Committee Meeting and asked a PCM Staff employee for an explanation. The Staff employee advised the Director it was a payment to the PCM Employee Incentive Plan, and the secret was out. Directors and angry residents were startled to learn that this clandestine Plan has been around since the mid 1990s and has paid millions of dollars of residents' money to PCM employees.

Residents and Directors believe that Conners' Directors Corner is an attempt to create a "smoke-screen" to take the heat off the PCM Employee Incentive Plan, a plan that has evoked intense anger in the community. For example, Conners tries to justify the Plan by saying that "average employee salaries at Laguna Woods are at the low end of average for southern Orange County..." This assertion is irrelevant if not downright misleading. First, we can't make this comparison because we don't know how much PCM employees earn; PCM says that information is confidential.

Second, we don't know what the "low end of average" salary is in Orange County and Conners doesn't provide this information. And, third, what is the criteria for "average" salary? Are we comparing PCM employees' salaries to those of top management of large corporations or to blue collar workers?

Conners writes "For 2007, Third Mutual determined to cap the amount that can be paid out in incentive bonuses in the amount of \$120,000." But, Conners neglects to tell us about the millions of dollars paid to PCM in the years before 2007, going back to the mid 1990s. Conners' failure to provide those amounts is either an act of ignorance, or a deliberate attempt to deceive.

Conners neglects to tell the reader that a Third Mutual Director made a "deal" with PCM in 2007 to cap the amount at \$120,000. In a sweetheart "deal" for PCM, Third Board agreed to "give" PCM employees \$120,000 without negotiating terms and conditions.....no questions asked.....if PCM agreed to "accept" only \$120,000.

No agreement to cap amounts was made by PCM with Directors of United, Mutual 50 and GRF, and the amounts these Directors agreed to contribute to the PCM Employee Incentive Plan is unknown, and apparently unlimited. We are provided with a clue when Conners writes that "the incentive plan is administered by the employer, PCM, not by the individual Boards" and "other boards determined the incentive plan was purely a managerial function of the employer and not part of their policy function." "Not part of their policy function" is widely construed to be a blunt "Hands Off!" message from PCM to residents and Directors of United, Mutual 50 and GRF that details of the Plan are none of their business.

Conners writes "All bonuses are paid out of the money that was saved by the employee's actions, and do not cost members additional dollars". This is pure fantasy. First, PCM refuses to disclose to residents the