

How Does PCM spend our Money? Let us count the ways.

Just about the time you thought there couldn't be another PCM scandal, "Used Equipment Sales" reared its ugly head last week. Residents were staggered in 2007 when they learned, accidentally, that millions of dollars of their money had been secretly paid to PCM employees since the mid 1990s under a clandestine Employee Incentive Plan...a Plan for which there existed no written community policy. Our Directors, however, undaunted by PCM's deceit and eager to please Milt Johns, quickly wrote a "policy" to continue to pay incentives to PCM employees.

Then came the credit card scandal. Residents were angered when they discovered that credit cards issued to PCM Senior Staff were used to pay for \$114,000 in lavish meals and entertainment. Once again, there was no written community policy for credit card uses. When residents complained that these expenditures were illegal and demanded an investigation, Milt Johns, demonstrating his "leadership skills", directed GRF to direct him, after the fact, to write a policy that would legalize these credit card expenditures. Johns warned the GRF Board that if they failed to write a policy to pay for credit card charges each month, they would pay these charges at the end of the year; and, he reminded GRF of language in the new Management Agreement which obligates residents to pay "any and all" PCM expenses.

The credit card scandal was followed by news that residents had paid more than \$312,000 in one year to PCM employees to reimburse "expenditures" for travel, gifts, training, and lunches to celebrate "birthdays" and "end-of-year-audits." Again, there was no written community policy and Directors, once again, quickly accommodated Milt Johns by writing a policy that acknowledged these expenditures, and made them "legal". Residents were outraged.

Commensurate with history of PCM scandals, Directors and residents discovered sales of Used Equipment quite by accident, and again, virtually no written policy for these sales exists. Details of this latest scandal are limited at this time but it is believed that used

vehicles, computers, appliances and furniture have been sold "under market value" for a number of years. It is alleged that Janet Price, Finance Director, is in charge of this program.

As is typical with PCM, only records of sales for 2002 and 2006 have managed to surface for general distribution, and residents know very little about this latest scandal. Hundreds of items that have been sold are listed, but there are no bills of sales to substantiate purchase prices for these items, no proof of their value at the time of sale, and no bills of sales to substantiate the recorded purchase price. These records hardly qualify as meeting requirements for generally accepted accounting principles.

What residents do know is that the original equipment was purchased with their money, that it belongs to them and that much of it was sold under market value. In the absence of strict accounting procedures, rules, or written policy governing these sales, residents suspect that this equipment is not always sold at a price favorable to *their* best interests.

Once again, GRF is closing the gate after the horse has escaped. When news of the Employee Incentive Plan, credit card, and employee reimbursement scandals broke there was no written community policy, and Milt Johns directed GRF to write a "policy" to "legalize" these abuses of residents' money. Once again, GRF is talking about writing a "policy" to "legalize" the sales of Used Equipment.

Third Board Director Larry Souza, believed to be minimizing the potential impact of this latest scandal, asked "what are we talking about here...\$40,000?". Souza's estimate of \$40,000 pales when one considers that in 2006 alone, \$590,610.10 worth of equipment was sold for only \$10,306.68, a difference of more than \$580,000, and less than a 2% return on the original purchase price.

As long as residents continue to demonstrate no interest in how their money is spent (abused?), GRF and PCM will continue to find ways to spend it.