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Can Residents of Laguna Woods Village Afford PCM? Residents Demand for an Investigation Refused

Residents of Laguna Woods Village (LWV) were angered when they learned that Professional Community Management (PCM) had used their monthly assessment fees to pay for more than \$114,000 in charges to credit cards issued to nine PCM Senior Management employees by Golden Rain Foundation (GRF).

PCM credit card records were obtained through an amendment to the Davis-Stirling Act which permits residents access to association records for the past two years. Many residents believe these charges are only the tip of the iceberg and that many hundreds of thousands of dollars may have been charged to credit cards by PCM in prior years where records remain hidden.

Milt Johns, General Manager of PCM, responding to angry residents, dismissed the significance of \$114,000 in credit card expenditures by employees, saying the credit cards were for "emergency use only." Following are examples of "emergency use only" by Milt Johns.

Milt Johns, PCM General Manager
Examples of credit card "emergency use only".
Johns charged in excess of \$18,000
in more than 135 venues.

Las Brisas - \$713.77 Described in an editorial review: ".....patrons come for the sunsets, food and margaritas."

The Loft - 2 charges \$507.16 and \$356.01 "...casual gourmet restaurant complete with panoramic ocean views."

Tiffany & Co. \$441.79 gift for retiring Laguna Woods Globe editor. "Tiffany standards have been the very measure of excellence in the realm of fine jewelry worldwide for more than 150 years."

Surf and Sand Splashes - 2 charges of \$371.06 and \$326.66 Described in an editorial review: "...between crashing waves and an active strip of boutiques, B&Bs, resorts and eateries - this upscale eclectic gem dishes up stellar fare with a view to match."

Dizz's Restaurant & Bar- \$223.98 "Candle lighting lends a soft, romantic air to the wood-paneled Deco dining room...."

Tannins Wine Bar - 6 charges - \$198.53 From the Editors: "While most restaurants that feature a wine bar are usually on the stuffy and pretentious side, Tannins is one of the most welcome and charming establishments in the county."

The Ruth's Chris Steak House \$182.07 "This is the place that showed the world how great a steak can be."

PCM Spends \$312,000 a Year to Reimburse Employee Expenditures for Meals, Gift Cards, etc.

News of the credit card expenditures broke in the *OCRegister* in April. Milt Johns, PCM General Manager, labeling the story "lies", defended these expenditures saying they make PCM employees "happy". LWV residents were dealt another blow when they learned they were paying hundreds of thousands of dollars to reimburse PCM's expense account expenditures. An *OCRegister* August 24 news item said: "....PCM spends \$312,000 a year on meals, gift cards, professional fees, training and other kinds of staff support and appreciation, paid for by Laguna Woods Village residents."

Angry Residents Demand a Detailed Audit

In the wake of the discovery of the PCM credit card charges, employee expense account reimbursement expenditures and a previously unknown PCM employee incentive plan, angry residents are demanding a detailed audit of all accounting records. They want to know where their money is going. To date, their demands have been denied.

Amend the Management Agreement

A new five-year management agreement promises residents will pay "any and all" expenses incurred by PCM, a commitment many believe gives a blank check to PCM. Residents are demanding that the management agreement be amended by an outside, independent contract lawyer to represent the best interests of residents and level the playing field. This demand has been denied.

PCM Management Fees Increased 69% in Five Years

PCM's management fee has increased 69% over the past five years. This year, PCM will receive a record amount of money from Laguna Woods Village. Many residents, believing the community is out of control, are preparing for the worst. Opined one resident: "PCM is in charge and we're heading for a fiscal crisis. At the rate our fees are rising, my monthly assessments will be \$800 or \$900 per month in five years and I won't be able to afford to live here. PCM is going to do what it wants, whether we like it or not, and the Boards refuse to stop them."

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