

DÉJÀ VU ?

History

PCM has consistently stated that the only money they receive from the Laguna Woods Village Corporations is via the Management Fee.

Technically that is correct. However, there are two categories of moneys that come out of our Corporate Accounts:

- Management Fee payments made monthly to PCM by the Corporations.
- Funds transferred to PCM for PCM Employee salaries and wages.

“Open” vs “Hidden”

In reality, these payments can be classified as follows:

- “OPEN”
 - The published Management Fee that can be found in the Yearly Management Contract.
- “HIDDEN”
 - Annual Salary for each employee (PCM does not provide this data.)

- Bonus moneys which can be secretly distributed by PCM and derived from excess assessments paid by Resident/ Owners.

Consequences

Employee Bonus plans had been made available over the past 30 years, both “Open” and “Hidden.”

One of these plans, called the “Incentive Plan” was not made public even to Board Members and was not formally sanctioned by any LWV Board (resulting in a “Hidden” payment to PCM/ Employees.)

The Boards of Directors had no knowledge of how many of these “Hidden” payment plans existed. They assumed that the “Incentive Plan” was the only one in effect in 2007 when the last payment was made and the plan was terminated in 2008.

Assumption

Since the termination of the Incentive Plan in 2008, the Management Fee was believed to be the only “Open” payment to PCM or their Employees, other than Salary/Wages.

The following chart is self explanatory plotting the “Incentive Plan” (the dotted line) money versus the “Management Fee plus a possible additional Hidden Fee.” It also concurs with Milt Johns statement that

(Continued on page 3)

Payments to PCM/Employees

