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Dreaming of Roses Nightmare Continues - They Won't Wake Up!

February 24, 2005

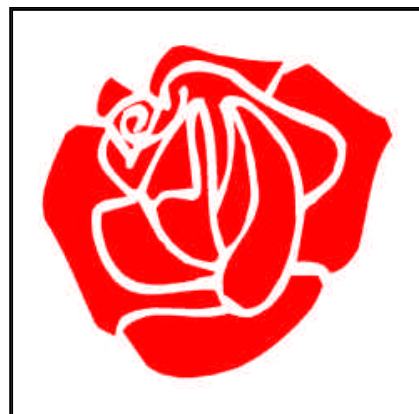
The Internal Revenue Service has levied \$4,660 in penalties against the Glendale Rose Float Association (GRFA), a group that raises funds and organizes paid and volunteer construction

of a float representing Glendale in Pasadena's annual Tournament of Roses Parade. In addition, and apparently at the behest of a Glendale city councilman, GRFA board members continue to operate without information on, or control over, large sums of money spent for and earned by the organization's signature event, an annual gala called "Dreaming of Roses."

That's just one of several club functions wherein it appears the GRFA has surrendered even a pretense of following its by-laws, instead letting momentum and the wishes of Glendale City Councilman Dave Weaver guide it. Without oversight by the group's board, an ad hoc committee of the GRFA appointed by Weaver has collected and spent tens of thousands of dollars. The arm of the GRFA has even sponsored a beauty pageant, including a swimsuit contest, with no conceivable connection to the Rose Parade.

The City of Glendale annually pays \$90,000 in taxpayer funds for the float, and months later the GRFA later hands over a check - in recent years ranging between \$30,000 and \$45,000 - to defray the cost.

The "Dreaming of Roses" (DoR) event has been spearheaded by Weaver since he created it in 1998. A share of the proceeds - determined by Weaver months after the event and the parade - is the source of funds repaying the city.



This rose has thorns



*Councilman Dave Weaver - Dreaming of
Roses Founder, or Flounderer?*



As was reported here exclusively in March, 2004, the GRFA was urged to confront a bookkeeping nightmare when the IRS and several GRFA board members learned Councilman Weaver used the group's tax identification number to open a new bank account and post office box to handle all



A contestant in the pageant sponsored by the GRFA.

transactions related to the GRFA's "Dreaming of Roses" fund raiser. ([CLICK HERE](#) to read "A Dreaming of Roses Nightmare, March 26, 2004.")

The troubles began when a bank reported to the IRS a GRFA account with more than \$50,000, cash the group hadn't mentioned in its 2003 tax return. It was the account Weaver created, one the GRFA's treasurer and finance committee insisted they knew nothing about. They also said that, even after the IRS notice, Weaver refused to provide bank statements and other records.

Weaver told me last year that he immediately turned over all the materials board members asked for. He also maintained the entire board was well aware of the account from the start.

Those points were vehemently disputed by the man who was then the GRFA's treasurer, Bob Carnahan, and by members of the GRFA Finance Committee. Indeed, after initial contacts with the IRS, Carnahan resigned his post. He told me he was convinced he wasn't being given all the records needed to file accurate returns, and so felt compelled to leave the GRFA.

"I just couldn't put my name on reports to the board and to the IRS that were misleading or incomplete," Carnahan said. "I felt I was being asked to file false reports."

Weaver contradicted his own claims of board awareness and his cooperation when he also confirmed that, when a board member pressed him for DoR banking records at one GRFA board meeting, he told her "I don't need to turn anything over. It's not your money, it's my money." Verifying the quote was accurate, Weaver only disputed the tone of voice attributed to him by others.

According to a report from the current treasurer - the GRFA's third treasurer in 13 months - penalties recently assessed by the IRS are due to the group's failure to report the DoR account and the funds it holds. I called Weaver to ask about the penalties, and also left messages about other issues within this column. Weaver did not return those calls



GRAF Presidents Garry Ackerman (l) and Scott Steindler

The GRFA's current president, Garry Ackerman, did confirm the recent penalty was related to the unreported account. He told me the GRFA hopes to negotiate a reduction. Ackerman was installed as the GRFA's president in January, and has served two previous terms. He took over for Scott Steindler, who served in 2004. At the end of his term, Steindler also resigned from the board. (**March 3 UPDATE:** Contrary to the implications some might have inferred when this column was first published, Steindler's departure from the GRFA's board was not related to discord or disagreements. Rather, he left due to time constraints

(r) resulting from the addition of a new baby to his household, and his move to a new job.)

In contacting GRFA's board and general GRFA members for this column, many I spoke to insisted on not being named. Without exception, those I spoke to, named here and unnamed, cited two concerns. First, they worried their complaints might be construed by some as being related to city council campaigns now underway. Weaver is running for reelection, and among his opponents is Steve Hedrick, a GRFA finance committee member who was highly critical of Weaver in my column last year. (Other than to confirm he knows about the IRS penalties, Hedrick declined to comment for this column.) The overall concern of those I talked to was that Weaver's supporters might thwart the business, personal or political interests of those perceived to have impeded his current candidacy.

The other concern of GRFA volunteers is that failing to stand by Weaver, or displeasing him, might lead to loss of cash the city spends annually on float construction. The program has long enjoyed council support, often unanimously. But there's widespread certainty that, without Weaver, City Hall support will vanish. However, when a speaker addressing the council during a recent meeting made a reference to GRFA controversies, Mayor Bob Yousefian made an astonishing statement, one that may calm self-censoring critics within the GRFA.

"If the Rose float association tomorrow just went away, the city would still pay for the whole thing [construction of the float]," Yousefian said during the Feb. 22 meeting.

It's too soon to know whether that pledge from one council member will embolden GRFA insiders who told me they're afraid public discussion of the group's scandals will end the 82 year tradition of building a Glendale float for every Rose Parade.



Mayor Yousefian. He's pro-float.

Ackerman told me members have discussed both categories of concern with him, too. But he said he believes complaints about the GRFA's bookkeeping, and the lack of checks and balances, are motivated only by political disputes with Councilman Weaver.

"He's a man of great integrity," Ackerman said.
"People who complain about how the GRFA handles money are out to get Dave, that's all."

Ackerman said he's convinced all questions about GRFA finances, including my own, are instigated by one council candidate. I've never discussed the GRFA or any facet of it with that candidate, but Ackerman said Weaver assures him it's the candidate who is "stirring up trouble." (Steve Hedrick is NOT the candidate they suspect of using the GRFA travails for campaign purposes.)

I met early this month with a group of GRFA supporters. One GRFA board member there told me, "After your story last year, it was made clear to us that Dave Weaver is the only reason we get city money every year. We were

also told he's the one with the clout to get the money and help we need from the big companies in town."

Another float volunteer at the same table interrupted. "Dave just gives us the "Poor me" act, about how he's being attacked by enemies. He still doesn't get that he brought this entirely on himself," he said. "No," the board member snapped back, "He's brought it on all of us. He's the one we're all supposed to protect, or Glendale doesn't build a float in 2006."

Those I talked to spoke of their frustration over the past year in trying to get information about the status of GRFA bookkeeping and the IRS problem. One source told me this week, "Whenever somebody asked [GRFA's past-president] Scott Steindler what was going on, he just said everything with the IRS was taken care of. So when that letter [imposing the IRS penalties] showed up, we were stunned."

It happened that I spoke to Steindler just a few minutes later, and when I first asked about the IRS he said, "That's all been cleared up and the fines were waived. Everything has been straightened out." When I said I knew the IRS was imposing \$4,660 in penalties, Steindler added, "Oh, that's just the daily charge they put on for the time while we were talking about it. It's like a dollar fifty a day, or something."

It was immediately clear to me how some GRFA members and board colleagues had come to believe the IRS's inquiry had been wrapped up without penalties.

In the wake of my March, 2004 column, Glendale Councilman Frank Quintero asked if the city could audit the GRFA's books. A report from city staff one month later noted that, when the city pays for float construction each year, it contracts with a float builder, not the GRFA. The report from Assistant City Manager Bob McFall concluded, "due to the independent status of the GRFA...it may not be appropriate to have the City's Internal Audit Unit perform the audit."

Ultimately, the council rejected the idea of looking over the GRFA's books. Weaver did not abstain from taking part in the discussion, and even seconded the motion to "note and file" the report, effectively dropping the audit idea.

The city report didn't note it's the GRFA that comes before the council each spring to announce the coming year's float design and solicit city cash. The report also didn't consider that, as part of his official duties, George Chapjian, Glendale's Director of Parks and Recreation, is a member of the GRFA's board. The report did mention the float builder paid by the city is chosen by the GRFA, but there was no mention of the fact that each year's appropriation of taxpayer cash is rationalized with assurances the GRFA will return some portion to the city.

Though the report was reviewed before it went to the council and personally signed by City Manager Jim Starbird, City Attorney Scott Howard, and by city department head/GRFA board member Chapjian, it contained a significant error in referring to federal tax codes. It stated that the GRFA is a

501c(3) group, which would make it a charitable entity.

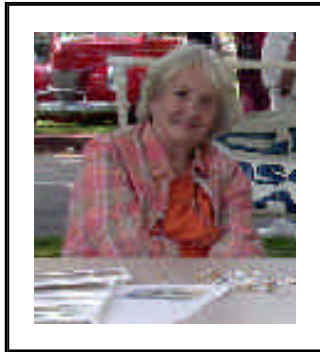
In fact, GRFA is a 501 c(4), a major distinction with which city officials and attorneys should be familiar. Among other characteristics, donations to a 501 c(3) non-profit are tax deductible as charitable gifts. A 501 c(4) is simply a non-profit group. Contributions are deductible only if the donor can justify them as business expenses. Of course, that's simpler for a business weighing a donation request from a councilman who may later render decisions on issues of importance to the business. In fact, Caruso Affiliated Holdings, developer of the Americana at Brand mall project that is moving ahead with almost \$80 million of city assistance, donated \$10,000 to DoR. The contribution was given directly to Dave Weaver by Rick Caruso.

There are also restrictions on how a charity can spend its funds, and it must provide benefits to the entire community it serves - not just lovers of flowered floats and tradition.

Weaver told me last year that he intends to convert the GRFA into a charity. He said part of the DoR profits he unilaterally holds back each year when passing cash to the GRFA - cash later relayed to the city - is intended to pay for scholarships and other charitable programs. But as of that March, 2004 interview, he said no such programs had begun.

In the months since, the GRFA board had one discussion of scholarships. But the board found the bureaucracy so daunting the proposal was formally tabled.

Nonetheless, three weeks ago Glendale's official City Hall newsletter, "City Views," published a glowing article boasting the success of the most recent DoR event, held Sept 12, 2004. The story in the Winter 2005 edition reported that, with "gross proceeds exceeding \$75,000," it would ensure "the Glendale Rose Float Association will be able to provide college scholarships for the second straight year." The claims were attributed to the "organizing committee" of the DoR.



Sheila Murray, GRFA Board Member, Finance Committee Secretary

Sheila Murray, a GRFA financial committee member, told me for this column, "That was the first I heard about us having given out any scholarships ever. I have no idea how much they were, who they went to and how the people who got them were chosen." Other members of the GRFA board told me the same.

In the past, complaints about GRFA board members not having information have been blamed on the fact that an ad hoc committee - the members of which Weaver told me he personally selected - handles all DoR matters. GRFA by-laws specifically prohibit such an arrangement, dictating that decisions are to be made by the board, with literally all income and revenues the exclusive domain of the GRFA's board and finance committee. Rules aside (clearly standard operating procedure for the GRFA), the standing explanation has been that, while the GRFA's treasurer and other board members may be in the dark about DoR matters, the DoR committee knows all.

In this instance, there is some support for that claim. The DoR committee has its own web site (more on that in a moment). And even though GRFA board members say they know nothing about scholarships, one page on the DoR site declares that in 2004, "We gave \$5,000 in scholarships to students who helped decorate our float [in Dec. 2003]."

Unfortunately, again, the site offers no information about how many students were awarded scholarships of how much, and no word on how the students were selected. Moreover, when Weaver and I talked in March 2004, he said no scholarships had been created yet. But, according to the DoR web site's claims today, the first scholarships were given out three months before Weaver and I spoke.

Ackerman, the current GRFA president, is also a member of the DoR committee. So, even under the convoluted workings of the GRFA, he'd be among those well-informed about his organization's scholarships. But when I read aloud from the City Views article about scholarships given out two years in a row, Ackerman said, "That's a lie. We haven't given out any scholarships. We want to, and that's part of our plan. But we haven't done it yet."

Ackerman will surely be chagrined to learn that, according to the city employee who is editor of "City Views," the text for the DoR article was given to her by Councilman Dave Weaver.

Murray and other board members were also irked about the City Views article bragging of \$75,000 in DoR proceeds because, they claim, to date the board has not been given any information about the costs and proceeds of the event. Five months after the 2004 event, the GRFA board has not received an accounting of the income and expenses.

Ackerman assured me the GRFA board was given a "full, detailed accounting of all the 2004 Dreaming of Roses money at the last board meeting." However, the report filed by the treasurer at that meeting covered only the GRFA's checking account. The DoR's separate account, and the DoR event's income and expenses, were not included, and the treasurer pointed that out as part of his report. With regard to the bank account set up by Weaver, to date, the GRFA board has never been given a full, routine report on the balance, deposits and withdrawals.



Miss Asia USA 2004, Pageant sponsored by GRFA.

An accounting of the 2003 DoR event was provided to the GRFA board several weeks after my column last year, and more than eight months after the event. In a subsequent appearance before the city council, Ackerman also called that report a "detailed account of every penny." But the single page spelling out "Income and Expenses" for the 2003 event lacked any meaningful detail, prompting more questions than it answered.

As an example, revenue for 2003 ticket sales was listed as \$13,325. Because tickets cost \$50 each, that accounts for just 266 tickets. But Weaver and others were quoted in press articles at the time reporting that 650 or more attended. Veterans are offered a ticket discount that may account for some of the discrepancy, and sponsors receive tickets as part of their packages. But even the GRFA's financial committee has yet to see a breakdown on how many paid how much for tickets in 2003, just as the committee doesn't even have a total for tickets sold for the 2004 event, with or without a breakdown.

Proceeds of the 2003 "silent auction" were listed as \$4,827, substantially less than other area organizations collect at similar auctions. The Boys & Girls Club of Burbank routinely collects well in excess of \$20,000 for its silent auctions (topping \$23,000 in 2004), this despite a similar array of auction items, and lower attendance than claimed for the DoR event. Last fall I was the emcee for an elementary school's PTA fund raiser, with far fewer guests and without the high-profile attention DoR enjoys. The PTA auction offered gift certificates for free cookies, and baskets designed around themes, and more of the like. But that auction raised nearly as much as that reported for DoR 2003.

The final report on the 2003 DoR event also states that \$9,300 was spent on "entertainment," but offers no detail. The GRFA's board and finance committee has no idea how much of \$9,300 went to whom, or for what. There is also no mention in the report of \$5,000 going to scholarships, just as the GRFA's financial records also show no scholarship payments.

Even the DoR web site provides a puzzler. The tally sheet for DoR 2003 expenses notes \$330 spent on a web site start-up, and there is such a site - www.DreamingofRoses.com. But the GRFA has long had its own site: www.glendalerosefloat.org

GRFA President Ackerman, who is also on the DoR committee, told me he didn't know the DoR had a site, or why it needs one separate from the GRFA's. It's also hard not to notice that, while every page of the DoR's site refers to volunteers, sponsors, scholarship winners and so forth, only one person is actually mentioned by name anywhere on the site - Dave Weaver.

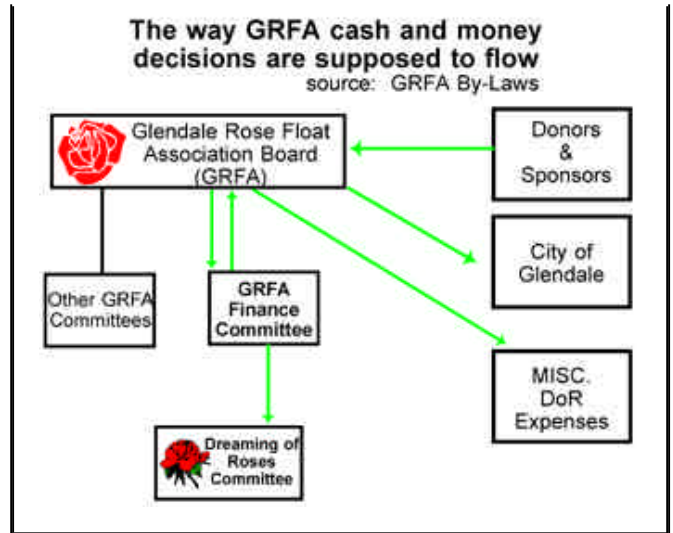
The GRFA's by-laws dictate that no funds can be disbursed unless they are for expenses listed in the group's annual budget approved by the board, or with a specific approval by a board majority. But DoR expenses are not in the GRFA's budget, and after reviewing the minutes of GRFA board meetings covering one year, I've been unable to find even one vote noted for any of DoR expenses, whether for a web site, entertainment, or even the \$1,100 reportedly spent in 2003 on "Rose Parade tickets." (The "detailed accounting" for 2003 does not indicate how many tickets were purchased for that total, who got them, or why the GRFA paid for them.)

Ackerman was unfamiliar with the rationale or expense of many steps taken by the DoR committee he sits on. But he lauded the "expertise and professionalism" of the DoR

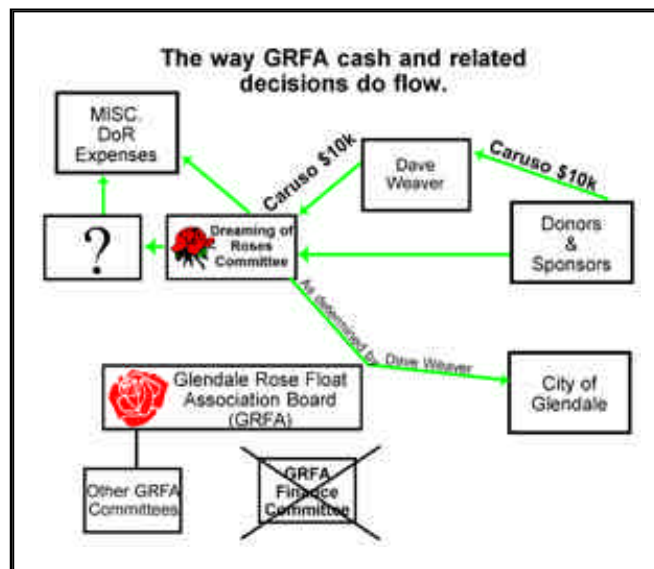


committee, which he said are "much better than the [GRFA's] board." He was untroubled that countless steps had obviously been taken and expenses incurred without votes of even the DoR committee.

The absence of fundamental checks and balances, and the utter disregard for the GRFA's by-laws were of no apparent concern to Ackerman, who continued to insist questions are only the product of enemies "out to get" Weaver.



Official GRFA minutes and expense reports also offer no explanation as to why "Dreaming of Roses" was listed as a "Sponsor" of the 2004 "Miss Asia USA" beauty pageant and swimsuit fashion show. (See www.missasiausa.net) Board members, including Ackerman, told me Dave Weaver has introduced them to the woman who produces the pageant. Council members and other community leaders have told me Weaver also introduced them to the pageant's producer, and asked their help in supporting the pageant. But no GRFA board member I spoke to knew why DoR sponsored a "cultural beauty pageant" for single Asian-American women, or, if sponsorship was appropriate, why "Dreaming of Roses" was listed, rather than the parent organization, the GRFA.



Among other sponsors listed for the 2004 "Miss Asia USA" pageant, and for the upcoming 2005 pageant to be held at the Alex Theater, are Glendale Water and Power, and Carsuo Affiliated Holdings, the Americana at Brand development firm owned by Rick Caruso. It's the same firm that also donated \$10,000 to DoR.

I asked GWP Director Ignacio Tranosco about the GWP's 2004 and 2005 sponsorship of the beauty pageant, including what cash or services the GWP provides. I also asked Tranosco who authorized the city's water and power department to sponsor the event.

According to Tranosco, the extent of his agency's effort is that the GWP supplies bottled water for the pageant. This involves handing over cases of half-liter bottles emblazoned with GWP labels and filled with water. (It's not really Glendale tap water in the bottles.) Tranosco said sponsorships are approved "administratively," not through council or GWP commission fiat.

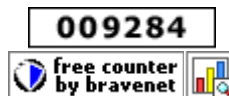
When I asked how the GWP decides who gets sponsorships, Tranosco described a review of "local participation" and opportunities for conveying the GWP's water conservation message. When I asked specifically who proposed sponsoring the pageant, he answered cryptically.

"When a request comes to us from within the City structure, we also strive to achieve the same Sponsorship/Conservation balance," Tranosco wrote in a message to me. I'd have like to have asked Weaver if he arranged the sponsorship, if only he'd returned my calls.

The amount the GRFA will give the city to repay some of the \$90,000 in taxpayer cash spent in 2004 to build the 2005 float has not been determined. Ackerman told me that, following the GRFA's tradition, only after Glendale commits to funding the next float will the GRFA cut a check for this year's. But, assuming the city comes through with the expected \$90,000 for 2006, Ackerman said he's been told the GRFA will probably hand over \$50,000 from DoR proceeds to help pay for the 2005 float. Alas, that creates a small fiscal problem.

According to Weaver, Ackerman and past practice, cash paid to the city comes from DoR earnings. According to Weaver's City Views article, the DoR's "gross proceeds" will be approximately \$75,000. Assuming costs of the 2004 event are not significantly different from those of previous years, that leaves net proceeds of roughly \$50,000. In addition, as Weaver has explained previously, and as Ackerman confirmed for this column, Weaver "holds back" about \$15,000 of the DoR proceeds as "seed money" for the next DoR event. That leaves between \$35,00 and \$40,000, from which the GRFA would draft a check for \$50,000, not to mention \$5,000 needed for the promised scholarships.

Like so many other things related to the GRFA, the numbers don't add up. But, according to Weaver and Ackerman, anyone so crass as to speak aloud of this discrepancy, or of the many others in which the GRFA blithely wallows, must be dismissed as a nefarious political operative gunning for Weaver in a bid seize control of City Hall.



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