

<http://www.dailynews.com/government-and-politics/20151009/susan-shelley-clean-air-agency-rakes-in-high-fees-and-higher-salaries>

Los Angeles Daily News October 10, 2015

Susan Shelley: Clean-air agency rakes in high fees and higher salaries

By [Susan Shelley](#), LA Daily News

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California lost 32,000 manufacturing jobs between 2009 and 2013, and Los Angeles County lost another 4,700 over the last year.

The occupations projected to have the greatest job growth in California by 2022, according to the Employment Development Department, are personal care service provider, home care aide, food preparation worker or server and office administrative support employee.

Enjoy those student loan payments.

The good-paying jobs that left California are only part of the story. No one can know how many jobs never came to this state at all because of high taxes, high energy costs, abusive lawsuits and regulatory agencies that have become unreasonably costly and burdensome.

One such agency that's mentioned often — by people who are afraid to have their names used — is the [South Coast Air Quality Management District](#).

The story you are about to read is partially true.

It was a chilly day in prehistoric California, and a cave man was rubbing his hands together to keep them warm.

This gave him an idea. He picked up two rocks and rubbed them together energetically. A tiny spark of light flew off the rocks' surface. He picked up two heavy twigs and tried rubbing them against each other and against the rocks.

He worked for an hour, trying different combinations, until an amazing thing happened. Heat and light radiated from the bits of wood on the cold dirt. The cave man found more twigs and threw them on the fire, and then he used rocks to build a low wall encircling the flames.

That's when a man in a suit came running up to him, flashing a shiny leaf. "I'm from the South Caves Air Quality Management District," he said. "[Wood-burning fireplaces are not allowed in newly constructed homes.](#)" (This is an actual SCAQMD regulation.)

"Aggggh," the cave man said.

"And you have installed an unpermitted charbroiler," the man said. "The SCAQMD's permit fee is \$3,835.06 plus the Administrative Permit Revision Fee of \$997.27, a total of \$4,832.33." (This is the actual application fee for an SCAQMD permit for a charbroiler.)

"And because you failed to obtain a permit before installation, you owe 50 percent of the permit fee as a penalty, another \$1,917.53." (This is the SCAQMD's actual policy.) "You owe us \$6,749.86. We take cash or checks."

"Oof," the cave man said.

"If you plan to heat water over that fire you need a permit for a boiler," the regulator continued. "That's another \$4,832.33 and you'd be wise to pay it now, before you incur another penalty."

"Ug ERF guhtuk," the cave man suggested.

The man looked hurt. "We have bills to pay too, you know. Why, [just the salaries in our agency add up to over \\$70 million a year.](#) Our Executive Officer is paid over \$305,000, plus \$131,000 in retirement and health benefits. (Barry R. Wallerstein's actual 2013 compensation, in pay and benefits, was \$436,285.) And our Deputy Executive Officer for Engineering and Compliance — he's the one you'll meet if you don't get this charbroiler permitted — is paid close to \$200,000 a year. (Mohsen Nazemi's actual 2013 compensation, in pay and benefits, was \$292,873.)

"Erf," the cave man said.

"Have you maintained the proper records for this equipment?" the man asked. "I need copies of all your inspection reports."

"Ugggggggh," the cave man said.

"On another subject," the man continued cheerfully, "the SCAQMD's [annual awards luncheon at the Biltmore](#) is coming up, maybe you'd like to buy a table. Also, the Governor's Appointee to the Board is having the annual fundraiser for his nonprofit organization. I'm told there are still a few openings for Bronze Age sponsors. It's a wonderful opportunity. You get an ad in the program, four tickets for dinner, recognition from the podium...."

"Aggggh," the cave man said.

"Or the Platinum sponsorship," the man winked. "That includes the VIP reception."

"Ugggggh," the cave man said.

(The SCAQMD actually did have an annual awards luncheon at the Millennium Biltmore Hotel on Oct. 2. And the Governor's Appointee to the SCAQMD Board, environmental justice advocate [Joseph K. Lyou](#), has been paid \$100,000 a year as the president and CEO of the [Coalition for Clean Air](#), a nonprofit advocacy group that actually does hold an annual fundraiser sponsored by SCAQMD-regulated businesses.)

Sadly, the cave man, his family and the entire cave community died of exposure and starvation after the SCAQMD mandated new equipment that extinguished the fire. Thereafter, the human race evolved from a sexual harassment incident at the Biltmore.

Susan Shelley is a San Fernando Valley author, a former television associate producer and twice a Republican candidate for the California Assembly. Reach her at Susan@SusanShelley.com, or follow her on Twitter: [@Susan_Shelley](#).



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- [Full bio and more articles by Susan Shelley](#)

SCAQMD FACT SHEET

In the wake of the AQMD's controversial decision to ban beach fire rings in Southern California, there are serious questions about the members of the board, AQMD transparency and the science that served as the basis for their votes.

CREDIBILITY OF BOARD MEMBERS

Three of the votes cast in favor of the beach fire motion came from AQMD board members who either fail to qualify to hold their seats for statutory reasons or who have serious conflicts of interest and outright ethical breaches, including falsified academic credentials:

- **The SCAQMD Chair, William A. Burke**, appointed by Speaker of the California Assembly John Perez, has served since 1993 (his current term will end 1/15/2014). Not being an elected official from Orange County, he appears to have violated CHSC §40422(a) by being reappointed after his first four-year term expired and never held any of the prerequisite qualifications required for appointment, other than lamely as a "public member." Special legislation was passed in 2007 (SB 886-Negrete-McLeod) to allow him to bypass the two-term limit on chairing the AQMD board.

Burke recently (4/12/13) was forced to resign either his seat on the AQMD board or as a California Coastal Commission commissioner because of conflicts of interest between AQMD and the Commission's respective positions regarding the beach fire ring issue. Instead of resigning as a member and chair of AQMD, he resigned his seat on the Coastal Commission (California's Government Code 1099 otherwise would dictate that he retain the most recent of the two appointments). In truth, he has a "sinecure-for-life" special-favor appointment on AQMD's board.)

Why is William A. Burke the only chair of an air quality management district that is not also an elected official, as is the case for all 34 other APCD Boards (except for the Mojave APCD), and is clearly required under H&SC Sec. 40420?

References: CHSC §40420(c): "The south coast district board shall elect a chairperson every two years from its membership", CHSC §40422(a): "The term of each member of the south coast district board shall be four years and until his or her successor is appointed. Upon the expiration of his or her term, a member who is a mayor from the County of Orange or a member of a city council from the County of Orange may be reappointed, in accordance with subdivision (f) of Section 40420, within 60 days, and the office shall become vacant if the member is not so reappointed within 60 days. Any vacancy on the south coast district board shall be filled within 60 days of its occurrence by its appointing authority." *which language was amended in 1980 to eliminate an exception for the "public*

member” of the board. Citing the amendment: “Deleted ‘With the exception of the public member,’ at the beginning of the section [a].

http://www.aqmd.gov/hb/gb_history.pdf: William A. Burke, D.Ed., has served since August 8, 1997 as AQMD’s Chair, except for most of 2002 when he was Vice-Chair,

<http://www.legisweb.com/app/pkg/calm/Retrieve.asp?ref=urn%3Acalm%3A2007%3AAsb0886%3AAdoc>: Negrete McLeod SB 886 (chaptered October 13, 2007) removed the two-term limitation on an individual holding the chairperson position on the AQMD Board of Directors,

http://laist.com/2007/07/14/otherwise_known.php: media commentary about Negrete-McLeod’s bill, http://articles.dailypilot.com/2013-04-17/news/tn-dpt-0418-fire-rings-letter-20130417-14_1_burke-mimi-walters-aqmd: media article on Burke’s Coastal Commission resignation,

<http://articles.latimes.com/2013/apr/18/local/la-me-ln-coastal-commissioner-resigns-20130418>: media article on Burke’s Coastal Commission resignation under pressure from Assemblyman Allan Mansoor and Senator Mimi Walters.

- **Board Member Joseph K. Lyou**, appointed by Governor Arnold Schwarzenegger, is an anti-air pollution activist that does not appear to have any of the necessary qualifications required to meet the statutory [CH&SC § 40420(c)] requirements for appointment to AQMD’s board.

References: CHSC §40420(c): “The member appointed by the Governor shall be either a physician who has training and experience in the health effects of air pollution, an environmental engineer, a chemist, a meteorologist, or a specialist in air pollution control.”, <http://meldi.snre.umich.edu/node/12356>: Lyou has been a community activist with no specific credentials in air pollution.,

<http://disexpress.umi.com/dxweb>: ProQuest Dissertation database shows that the title of Lyou’s 1990 UC Santa Cruz Ph.D. dissertation is “The Social Psychology of U.S.-Soviet Arms Control Negotiations: The role and experience of the U.S. negotiator and delegation.” He was awarded a PhD in Social Psychology, <http://ccair.org/staff-a-board/staff-521>: Since 2010 he has also been President and CEO of the Coalition for Clean Air, an environmental advocacy organization that promotes air pollution regulations and related actions.

- **Board Member Clark Parker**, appointed by the Senate Rules Committee chaired by Senate Pro Tempore Darrell Steinberg, has **falsified his academic credentials**. He is not the PhD he claims to be, and two of the institutions that he claims degrees from do not even exist. He should be forced to resign.

References: http://www.aqmd.gov/bios/bm_parker_clark.html,

<http://disexpress.umi.com/dxweb>: ProQuest Dissertation database shows no PhD awarded to any individual named Clark Parker, <http://www.centralaz.edu/>: Central Arizona University does not exist, and Central Arizona College is a community college that does not award PhD degrees, <http://www.lawrence.edu/>: Parker claims a Dr. of Laws degree from Lawrence University, which does not exist; a Lawrence University is an undergraduate institution that does not award law degrees, <http://www.scientificintegrityinstitute.org/Redlands1981.pdf>: Parker

claims a Master of Science degree from University of Redlands, but received only a 1981 Master of Arts degree,
<http://www.scientificintegrityinstitute.org/Parker021913.pdf>: contains additional details about Parker's academic degree claims,
<http://www.scientificintegrityinstitute.org/Parker032213.pdf>: Copies of Clark Parker diplomas, http://articles.dailypilot.com/2013-05-17/news/tn-dpt-me-0519-parker-aqmd-20130517_1_diploma-mills-stanford-university-board-member: media story, http://articles.dailypilot.com/2013-06-05/news/tn-dpt-me-0606-mansoor-fire-pit-pra-20130605_1_fire-rings-fire-pits-aqmd/2: media story

CREDIBILITY OF PROCESS

AQMD has stonewalled and delayed requests from legislators and the press ahead of its crucial vote on the beach bonfire rings rule:

- After not providing information in a timely manner as dictated by statute per a June 5 Public Records Act request by Travis Allen, Curt Hagman, Mimi Walters, and Allan Mansoor, who wanted to learn more about the beach fire-ring regulation. Allan Mansoor finally received a partial-records production response dated July 10, 2013. The records were due in 10 days, unless AQMD asked for an extension, which they did not.

Reference: http://www.oc-breeze.com/2013/07/12/35952_scaqmd-bans-beach-fires-assemblyman-allen-fires-back/: California Assembly Member Travis Allen (R-Huntington Beach) press release reported in Orange County Breeze.

- It also stiffered Voice of Orange County's April 8 PRA request for all email traffic among agency staff and board members on the bonfire issue, seeking the same information, providing a partial-records production.

Reference: http://www.voiceofoc.org/countywide/this_just_in/article_e0528086-e9f7-11e2-96ec-0019bb2963f4.html: Voice of OC reportage of three-month delay in response to its Public Records Act request of AQMD.

CREDIBILITY OF SCIENCE

A virtual bonfire of controversy surrounds the validity of AQMD's science.

AQMD claims that a key AQMD staffer—who collected and prepared the data that AQMD's staff and board relied upon in reaching its controversial beach fire-ring rule decision—holds a PhD that the academic institution denies was granted.

A now-disgraced activist scientist who resigned from a key state science panel rather than face a senate investigation conducted science reviews critical to particulate air standards affecting California and the South Coast Air Basin, including those used to judge contaminant emissions from the beach fire pits.

- AQMD, in its transmittal memorandum to Assembly Member Mansoor of partial records subject to his Public Records Act request states that a key staff member, Steven K. Boddeker, claims to have a PhD in Research, Environmental Engineering, from University of Florida (1996-2001) specializing in Health Physics. Attempts to verify this claimed PhD with University of Florida through National Student Clearinghouse, a degree verification service, shows that a Masters of Science in Nuclear Engineering Sciences was awarded to Boddeker on August 10, 1996, but not a PhD. Boddeker was a key player in collecting air quality and physical ash samples from the beach fire rings for AQMD's determination of air quality impairment, a major factor AQMD cited for which AQMD staff—including Boddeker—based its rule-making regulation regarding the beach fire pits, and upon which members of the AQMD board based their decision during the crucial vote.

On Steven Boddeker's personal website on the California State University at Pomona website, where Boddeker is presently or was formerly a lecturer, reside two documents that purport to be variously the title page (2004) or an abstract (2001) of a PhD dissertation submitted by Boddeker to University of Florida. Although the abstract names Emmett W. Bolch as the chair of Boddeker's dissertation committee, Bolch died in 2003, a year before the date listed on the title page document. CSU-Pomona pages also show that Boddeker refers to himself as a professor, when he was neither a professor nor an adjunct professor.

References: *National Student Clearinghouse DegreeVerify Certificate dated July 20, 2013, SCAQMD transmittal memorandum to Hon. Allen R. Mansoor dated July 10, 2013, <http://www.csupomona.edu/~skboddeker/misc/research/title.htm>: falsified title page from 2004 PhD dissertation on California State University at Pomona website in Steven Boddeker's personal files, <http://www.csupomona.edu/~skboddeker/misc/research/abstract.htm>: falsified abstract from 2001 PhD dissertation on California State University at Pomona website in Steven Boddeker's personal files.*

- During the past two decades numerous preeminent scientists have repeatedly criticized the methodology and evidence used to establish US-EPA, CARB, and SCAQMD air quality standards, particularly the PM2.5 standard that AQMD relied upon in passing the beach fire measure.

References: http://oehha.ca.gov/air/risk_assess/wildfirev8.pdf: "There are no directly relevant epidemiological or controlled human exposure studies that offer guidance in the selection of particulate matter levels with averaging times less than 24 hours...", Wallerstein, B. et al., California's Progress Towards Clean Air, Appendix B, CAPCOA (2013): Zero "Unhealthy Air Quality Index (AQI) days in Orange County in 2012 due to PM2.5 and ozone exposure," Robert F. Phalen, PhD, UC-Irvine Air Pollution Health Effects Laboratory, "California air is now clean enough and further 'improvements' could lead to loss of the public's lung defenses."

- UCLA Professor John Froines, subject of a current investigation by two California state senators over state contract violations and Public Record Act violations, is at the heart of the faulty science AQMD used to justify its unpopular 7-to-6 beach-fire-ring vote.

References: <http://www.scientificintegrityinstitute.org/Huff040213.pdf>: letter by senators Bob Huff (R-Diamond Bar) and Jean Fuller (R-Bakersfield) to UCLA regarding news-media reports that the university had not responded appropriately to litigant and media Public Records Act requests concerning Prof. Froines, <http://www.bakersfieldcalifornian.com/health/x411128567/LOIS-HENRY-Nice-to-see-some-pols-applying-pressure-to-UCLA>, <http://www.bakersfieldcalifornian.com/health/x1322083219/The-ex-radical-who-heads-air-boards-key-panel>, <http://www.bakersfieldcalifornian.com/columnists/lois-henry/x837007070/LOIS-HENRY-Cozy-emails-undermine-air-czars-integrity>: Bakersfield Californian articles regarding Prof. Froines and environmental activists regarding the registration of methyl iodide, <http://www.scientificintegrityinstitute.org/Reed061113.pdf>: UCLA response to senators Huff and Fuller

- Froines was a key player in the decision by CARB to name diesel exhaust and particulate matter smaller than 2.5 nanometers Toxic Air Contaminants, making fire smoke, diesel exhaust and other particulate emissions subject to state regulation. His actions led directly to the regulation and mitigations AQMD staff used to justify the beach bonfire measure AQMD recently passed.

Reference: <http://www.arb.ca.gov/toxics/dieseltac/combined.pdf>: Prof. Froines' letter of findings of the CARB TAC SRP for identification of diesel exhaust as a Toxic Air Contaminant.

- On July 8, 2013, Froines resigned as chair and member of the California Air Resources Board Toxic Air Contaminants Scientific Review Panel, but he did not resign his membership on any of the three AQMD science committees. Prof. Beate Ritz, a fellow member of Froines' Scientific Review Panel for CARB, also provides AQMD scientific guidance.

Reference: <http://www.scientificintegrityinstitute.org/Froines070813.pdf>: Prof. Froines letter of resignation from the CARB TAC SRP, <http://www.bakersfieldcalifornian.com/columnists/lois-henry/x1496674317/LOIS-HENRY-UCLA-prof-wants-more-time-with-his-family-I-dont-buy-it>: Bakersfield Californian article questioning timing and reasons Froines cites in tendering his resignation, <http://ehs.ph.ucla.edu/faculty/john-froines-phd>: Froines bio on UCLA website, http://www.aqmd.gov/gb_comit/technology/techadvadvgrpmembership.html: AQMD website listing of Technology Advancement Advisory Group members, <http://community.seattletimes.nwsourc.com/archive/?date=20020106&slug=defects06>: Orange County Register article describing study authored by Beate Ritz with AQMD Health Effects Officer, Jean Ospital.

- Froines resigned to avoid further scrutiny from California Senators Bob Huff (R-Diamond Bar) and Jean Fuller (R-Bakersfield), who have called for Froines and other key UC faculty, staff, and former students to step down from all state scientific panels in light of Froines' apparent illegal acts, ethical misconduct and faulty appointments to key regulatory science committees, including those used by AQMD.

Reference: *contact Senator Huff or Fuller for a statement regarding their investigation into UCLA's failure to comply with PRA requests*

- UCLA admitted that Froines had destroyed pertinent communications and unnamed individuals at the university had intentionally failed to comply with the Public Records Act when they were asked to produce records of communications between Froines, other UC staffers, and environmental activists in 2009-2011 over a controversial pesticide regulation decision.

Reference: *Ibid UCLA Response to Huff, Fuller*

- Froines also appears to have violated specific legal provisions pertaining to two state contracts and financial and conflict-of-interest disclosures related to his appointment to the key CARB science panel, which he chaired.

Reference:

http://www.swrcb.ca.gov/water_issues/programs/peer_review/docs/exhibit_f.pdf:

State of California Standard Agreement 06-1-04-600-0 between University of California-Berkeley Regents and California Environmental Protection Agency,

<http://www.dtsc.ca.gov/LawsRegsPolicies/upload/Interagency-Agreement.pdf>:

State of California Standard Agreement 11-135-240 between UC Regents and CalEPA, http://www.ph.ucla.edu/magazine/full_magazine_11_09.pdf: (page 30)

Proposal to the Department of Pesticide Regulation to Evaluate the Review Conducted by the Department of the Pesticide, Methyl Iodide (California EPA Pesticide Regulation, \$72,164),

<http://www.bakersfieldcalifornian.com/columnists/lois-henry/x837007070/LOIS-HENRY-Cozy-emails-undermine-air-czars-integrity>: *Bakersfield Californian article describing contract between Froines and California Department of Pesticide Regulation for independent review of science used by CDPR in methyl iodide registration decision.*

- Froines is principal investigator of a \$1 million grant from the National Institutes of Health that seeks to use a community-based education model to foster collaboration between environmental health researchers and community-based organizations in the Los Angeles basin. The NIH grant, together with three other grants from California Air Resources Board, may represent conflicts of interest that could impair Froines impartiality with respect to AQMD regulatory matters.

Reference:

<http://www.recovery.gov/Transparency/RecipientReportedData/pages/RecipientProjectSummary508.aspx?AwardIdSur=7555>: U.S. Department of Health & Human Services/National Institutes of Health grant no. 1RC1ES018121-01

AQMD LACKS CRITICAL SCIENTIFIC EXPERTISE

AQMD lacks specific expertise in epidemiology, toxicology, and statistics.

Rather than staff experts, AQMD relies instead almost entirely on outside scientific panels and state regulatory bodies for scientific justification of its actions.

Out of more than 635 employees, AQMD has only four PhD-level scientists on its staff, [excluding the aforementioned and discredited Steve Boddeker (~~PhD in Research, Environmental Engineering, University of Florida~~, M.S. in Nuclear Engineering and Medical Physics, University of Florida, and B.S. Physics and Astronomy, Western Kentucky University)].

Those holding valid PhDs in science are:

- Philip Fine (PhD in Environmental Engineering Science, CIT); Jason Low, (PhD in Atmospheric Chemistry, M.S. and B.S. in Chemistry, UC-Irvine);
- Matt Miyasato (a PhD and M.S. in Engineering, UC-Irvine);
- Andrea Polidori (PhD in Environmental Sciences, Rutgers University, B.S. in Environmental Sciences, Urbino University); and
- Laki Tisopulos (PhD in Chemical Engineering, USC, P.E.).

Key AQMD leaders have doctorates, but do not hold PhDs in science:

- Barry Wallerstein, the AQMD Executive Officer, holds a D.Env. from UCLA and an M.S. and B.S. in Biological Science, not a PhD.
- Jean Ospital, the AQMD Health Effects Officer, holds a DPH in Environmental Health Sciences and an MPH in Health Education and Behavioral Sciences from UCLA, and a B.S. in Chemistry from UC-Santa Barbara, not a PhD.

AQMD also has the following non-scientific PhDs on its staff (not all have been verified):

- Shah Dabirian, PhD in Economics, University of Wyoming (1997) and
- T.S. "Sue" Lieu, PhD in Economics, University of Pittsburg (1983)

STEPS TO ENSURE CREDIBILITY OF AQMD & CARB

- AQMD members who have lied about their academic credentials or who do not meet legal requirements for appointment or service, should step down immediately.
- Any air-quality or toxic-air-related decisions based on science conducted by Prof. John Froines, should be dismissed and taken up once credible scientists and systems are in place

Draft v3:

- The legislature must impose a better way to verify the qualifications and representations of AQMD appointees and members of the CARB science panel to ensure these officials function as dispassionate, objective public servants – not renegade activists who impact the lives of ordinary California citizens on whim and political agendas – not sound science.
- AQMD must increase its staff resources for scientists with higher degrees and lessen its dependence on governmental appointees subject to political and activist influence, using external scientific peer review as policy makers intended.

From: "bob "
To:
Subject: Re: clark parker--->help me expose "Dr. Doctor" Parker
Date: Fri, 6 Jun 2014 06:16:52 +0200

Thank you for responding. I did read the documentation you linked to; it's why I reached out to you. You seem to be one of the few people that care enough to try and get the truth out there. Most people dont seem to care until they are personally impacted.

In the case of Parker, I believe one of the techniques that he has used to enrich himself is to take advantage of government contracts. (if you didnt know he resides at 901 N Camden, Beverly Hills). Google maps show it as Central African Republic; I beleive he is the honorary consulate general. Probably comes with some tax benefits or something. Anyway, as the Times article states Parker sold bogus chemicals to the County, hyping its green qualities. One of the reasons he claimed his products were better than others was because it was "certified" by the AQMD, while other similar products were not. Parker somehow developed a personal relationship with Erbie Phillips, a probation director who was able to write customized specifications for the purchase of cleaning products for the department. Every medical person involved in the treatment of probation minors objected as MRSA and ORSA cases spiked in juvenile facilites because the staff couldnt disinfect the living areas with the bogus cleaners.

Phillips also steered a lucrative CCTV camera deal to Spectrum Surveillance dba View Park Estates, another Parker company. All told, the department spent over \$10 million over several years on cameras that didnt work and cleaners that didnt clean.

I beleive Parker also has stepped into the charter school business. After all, if you are going to get rich off of government entitites where better to find lax fiscal oversight than school districts. He owns a business called Golden Day preschools which I beleive he leveraged into an Inglewood Charter school.

Anyway, lots to work on with him but I am not familiar with the others but I am sure that they too are using the "green" fog to find ways to line their pockets with misspent public monies.

I appreciated what you are doing. Let me know how to help.

Sent: Wednesday, June 04, 2014 at 10:11 PM
From:
To: "bob "
Subject: Re: clark parker--->help me expose "Dr. Doctor" Parker

Dear Bob,

Very interesting article: **Second major vendor named in Probation Department investigation: A criminal inquiry into whether a department director steered contracts to specific companies has expanded, targeting two firms owned by the same L.A. businessman** (Clark E. Parker). [July 21, 2010](http://articles.latimes.com/2010/jul/21/local/la-me-probation-20100721)|By Garrett Therolf, Los Angeles Times
<http://articles.latimes.com/2010/jul/21/local/la-me-probation-20100721>

If you have not done so, please read my full analysis of "Dr. Doctor" Parker

I really can use your help in exposing the misrepresentations and conflicts of interest of "Dr. Doctor" Parker and other SCAQMD Board Members. SCAQMD needs ethical and honest Board Members who do not have conflicts of interest. Please help me--there are ways you can do this without exposing yourself. California can be fixed, but only if enough people have the courage to fix it.

I have always admired your investigative journalism. Please give my regards to Carl .

Best regards,

At 08:50 PM 6/4/2014, you wrote:

Dr. , with regards to Clark Parker, why dont you ask him why his company, Natural Solutions, is on the SCAQMD website as an approved vendor for "green products". No conflict of interest? Also, google Clark Parker and Erbie Phillips to see how they scammed LA County out of \$10+ million dollars of nonsense green cleaning products.

Keep up the good work but you are only hitting upon the tip of the iceberg. I have attached a link to a website that still has this information as the SCAQMD website seems to have taken it down.

http://www.sustainablesanbernardino.org/system/assets/30/original/clean_technology_grants_email_outreach.pdf?1328562725

LA SCHOOL REPORT

LAUSD board votes to stop Fresh Start Charter from opening

Posted on **September 3, 2015 1:09 pm** by **Mike Szymanski**

G+1 0



The LA Unified school board did a lot of

Jeannette and Clark Parker

hand-wringing over a decision this week to deny the opening of a new charter school while **approving half-a-dozen** others.

After several failed efforts to seek a compromise that would have granted **Today's Fresh Start Adams Hyde Park** a charter, the board voted to follow the Charter Schools Division staff recommendation not to award it. Although the superintendent of Today's Fresh Start, **Jeanette Parker**, said this would affect about 200 children who were planning to start school Sept. 8, district officials said the families should have known that the charter was revoked because the state shut it down on June 30.

Investigations and reports of the Today's Fresh Start Charter Schools go back to 2007 and involve issues of nepotism, accounting discrepancies, misreporting enrollment, building safety and other legal concerns. A **finding** from the California Department of Education included questions about a claimed reimbursement of \$455,739 to the child development program and "registration fees and two parking tickets for the president's Rolls Royce and Mercedes automobiles."

Nevertheless, Parker and her husband, **Clark Parker**, both pleaded with the school board to allow them to open their school and ignore the staff recommendations.

"We have had remarkable success, our API scores hit 833," Jeanette Parker told the board. She then read a letter from Los Angeles City Council member **Curren Price Jr.**, urging strong support for the school and said "to have the school denied for at-risk disadvantaged, socio-economic youth would cause irrefutable harm."

Test scores became an issue in one of the state investigations where a teacher reported that students were brought back to complete tests that were "deemed unsatisfactory by the administration." The state Department of Education found: "Such reviews have identified serious, chronic, and systematic program violations and issues of noncompliance in the operation of the contracts."

Further, a search of city Building and Safety records show that there are several investigations about the 10,678-square-foot property at 4514 Crenshaw Boulevard, as well as other school addresses listing the Parkers as owners.

Clark Parker talked about how he and his wife of 52 years have worked in the education field for more than half a century. They moved from Birmingham, Ala. and started the Golden Day nonprofit school in 1963. Their mission, they said, is to help students who don't thrive in public schools, and they reach a population that is 60 percent African American and 38 percent Latino.

"Our charter was improperly revoked, and the school board could rule against the staff recommendation," Clark Parker pleaded to the board.

As the board member representing the south central school, **George McKenna** was the lone dissenting vote against denying the charter. He said he lives within walking distance of the school. "These are my children, I know what they are doing there," he said. "The objections are bureaucratic, not because of instruction."

José Cole-Gutiérrez, director of the district Charter Schools Division, said the school failed to meet many of the charter school standards and the Parkers refused to take an extension to comply to recommendations. He said his staff went through evidence and found conflicts of interest that were contrary to public law. He also cited a school requirement that parents volunteer for at least four events throughout the year.

Board president **Steve Zimmer**, who abstained in the voting, said, "I feel very, very strongly about that," asserting that such volunteerism cannot be legally required by a charter school. "I want to make sure that everyone is treated the same," he said.

Mónica García expressed concern that schools like this do not get the proper help, and **Mónica Ratliff** lamented that as a former teacher she could probably get a sense of the issues by simply paying a site visit to the school. **Ref Rodriguez**, who has founded charter schools, said "the charter movement should be very clear in what is required," and he was concerned about the students who were waiting to go to school but now may find themselves three weeks behind because LAUSD traditional schools started in mid-August.

Jeanette Parker declined to talk to **LA School Report**, saying, "My Board has not given me permission to talk to the press."

Ultimately, Superintendent **Ramon Cortines** told the board he had to protect the children. "We have to follow the law, and follow the rules. I do not know how to fight it."



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

April 5, 2011

Clark Parker, President
Golden Day Schools
4508 Crenshaw Boulevard
Los Angeles, CA 90043

Dear Mr. Parker:

Notice of Proposed Action: No Offer of Continued Funding

Authorized representatives of Golden Day Schools, hereafter known as Golden Day, signed annual contracts to operate childcare and development programs with the California Department of Education (CDE) for fiscal years (FY) 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11. By entering into the California State Preschool Program (CSPP) and the General Child Care and Development (CCTR) contracts, Golden Day, its officers and employees, agreed to comply with standards for program quality and fiscal accountability that accompany the contracts. These standards are set forth in the California *Education Code (EC)*; the *California Code of Regulations, Title 5 (5 CCR)*; and the *Funding Terms and Conditions* for each contract.

In accordance with the 5 CCR, Section 18023, representatives of the CDE have conducted reviews at Golden Day offices and facilities to determine Golden Day's compliance with applicable laws, regulations and contractual provisions at least once every three (3) years from 2002 to 2010. Such reviews have identified serious, chronic, and systematic program violations and issues of noncompliance in the operation of the contracts. Moreover, such serious, chronic and systematic program violations and issues of noncompliance have persisted without reasonable justification despite (i) repeated notices which warned Golden Day of its infractions and instructed Golden Day to correct its operating practices in order to comply with program requirements; and (ii) years of technical assistance.

These issues of noncompliance are not mere administrative technicalities, but rather, whether by design or happenstance, have resulted in the accrual of significant financial benefit to Golden Day. These recurring issues of noncompliance can be generally categorized by the following characteristics: evidence of inadequate or falsified records; failure to comply with requirements ensuring legitimate reporting of child days of attendance; inappropriate cost allocation between subsidized and non-subsidized child care funding and child development and charter school activities; overcharging for related-party transactions; and charging for idle facilities owned personally by Golden Day's president and/or his family.

Pursuant to its authority in *EC* Section 8406.6; 5 CCR, sections 18303 and 18304; and provisions of the contract between the CDE and Golden Day, the CDE Case Conference Committee (CCC) reviewed evidence of Golden Day's performance of its CDE contracts. The evidence includes the reports of the Contract Monitoring Reviews (CMR) of the contractor,

follow-up reviews, and the Limited Scope Review by the Audits and Investigations Division (AID), as well as correspondence and responses provided by Golden Day. Documentation is attached hereto and incorporated by reference that reflects the evidence considered by the CCC. As a result of its review, the CCC has determined that Golden Day should receive no offer of continued child development funding for FY 2011–12. The CCC's proposed action is based on the information set forth specifically in the Background and Summary of Noncompliance sections of this notice.

Background

On July 10, 2001, Child Development Division (CDD) Consultants conducted a monitoring visit to enable them provide technical assistance to Golden Day. The reviewers found Golden Day noncompliant in the determination of eligibility and need in every file examined during this review. The CDD provided training and technical assistance to the contractor and advised the President of Golden Day to send his staff to trainings, conferences, and CDE-provided New Director's training sessions in order to improve their knowledge and understanding of the legal requirements of their contracts. The CDD provided training and technical assistance to staff of Golden Day during the summer and fall of 2001.

2001–02 CMR

In January 2002, CDD staff returned to Golden Day to perform a scheduled CMR pursuant to the authority in 5 CCR Section 18023. In a preview to what would become a recurring problem, the March 12, 2002, report (See Attachment 1) noted the following items of noncompliance: "the attendance/enrollment in the Before & After school program is not accurately reported to the state. . . Ineligible children were claimed on the CD 9400s and CD 9500 for January through June 2001. . . Golden Day Schools does not properly allocate between and account for Parent fees and Private School tuition Fees . . . The Cost of Living Adjustments (COLAs)—which bridge 1996 FMV appraisal to the 2001 audit year—are closer to 2-3% than 5-6% . . . The childcare facilities at 4466 & 4514 Crenshaw Blvd. have not been used and therefore cannot be claimed per the idle facility rules in the FT & Cs."

As a result of the CMR findings, Golden Day's President and the Southern Field Services (SFS) Administrator engaged in an exchange of written communications (See Attachment 2). The CCD, in a letter dated May 24, 2002, to Golden Day, reiterated and explained the findings of noncompliance and summarized the training sessions that had been provided for and attended by Golden Day staff (See Attachment 3). Specifically, the training sessions emphasized the procedure for documenting eligibility and the need for Golden Day to maintain compliance with program documentation and other requirements.

Golden Day did submit a corrective action plan dated April 2002 (See Attachment 4, dated April 10, but purporting to respond to the CDD's letter of May 2002) which among many other things stated:

We are well aware of the requirements to have all parents who drop off/pick up a child to sign the child in and out. We have sent out notices to all parents enrolled reminding them of this requirement . . . Further, when a parent is enrolled we give them a notice and have them sign that they have received the same, informing them of the rule to sign-in and sign-out their child each day.

Golden Day further explained and promised: "[o]n February 1, 2002 Golden Day implemented a plan of action to ensure that all parents sign in and out all children that they bring to our sites." Notwithstanding such admissions, in the same letter Golden Day recanted, arguing that:

"Golden Day disagree that the funding terms and conditions or Title V require that only parents can sign a child in and out for a particular day in question. . . our teacher or the director has been given the authority by Golden Day's management to sign these children in and out. . . **Golden Day makes alterations to the fiscal report submitted to the Department of Education if the information required to be maintained by the rules and regulations are not sufficient [to allow] for Golden Day to report a day of enrollment and or attendance.**"

On July 1, 2002, the CDD sent a letter to Golden Day rejecting their corrective action plan as inadequate and making numerous suggestions needed to ensure the achievement of compliance (See Attachment 5).

Nine years later, Golden Day continues to make such alterations at its discretion in order to allow it to claim reimbursement for days of attendance that cannot be documented and, thus, for which the state has no assurance that the claim is legitimate

2002-03 CMR

The CDD performed a follow-up CMR in November 2002, to measure Golden Day's success in implementing the corrective action plan and the CDD's July 1, 2002, suggestions. During this review, the CDD continued to identify serious noncompliance requiring corrective action. The findings of noncompliance were similar to previous findings of noncompliance and again described in a letter to Golden Day by the SFS Administrator on March 6, 2003 (See Attachment 6). Specifically, the findings included inadequate documentation of eligibility and need and the maintenance of accurate attendance records along with many other issues.

Particularly distressing was the report that during the November 2002 review, on Tuesday, November 12, the SFS consultant made copies of a November 11 attendance record to demonstrate the lack of accuracy in Golden Day's claims for attendance. The next day, the consultant was given a second copy of the classroom's records by Golden Day's President. The copy provided by Golden Day's President had been altered. Overnight, additional signatures

had been added to the original record completed by parents on November 11. (Copies of these records are Attachment 7.)

The discrepancies in these two records for Monday, November 11, were described to Golden Day's President during the exit conference in December 2002. At that time, Golden Day's President explained to CDD staff that they had examined the "wrong set" of attendance records on November 12. Golden Day's President explained that there was a second set of "auditable attendance records" not in the classroom, but located at the entrance to the Crenshaw facility, a facility operated by Golden Day. At that point, the SFS Administrator suspended the exit conference (being held at the Crenshaw facility) and asked to see the auditable attendance records described by Golden Day's President. The SFS Administrator, other CDD staff, and Golden Day's President proceeded to the location where these records allegedly were kept; however, it turned out that the records were only the hand-written notations of the day's absences maintained by the receptionist, not attendance records signed by the parents.

2004-05 CMR

Golden Day was again reviewed in 2005 by representatives of CDD and Child Development Fiscal Services (CDFFS). The CMR report, dated May 20, 2005 (See Attachment 8), again found Golden Day noncompliant with program rules. Many of these findings were the same issues identified for corrective action in the 2002-03 CMR report. Golden Day was again found out of compliance for failing to document parent's eligibility and need, and for failing to ensure that attendance was reported accurately and consistently with the requirements of regulations. Again, Golden Day was provided recommendations and technical assistance to correct noncompliant practices.

2007-08 CMR

The 2007-08 CMR of Golden Day continued to find the same items of noncompliance in both fiscal and program areas, all of which are described in the 2007-08 CMR report (See Attachment 9).

During the initial review conducted February 26-29, 2008, CDD personnel found that a significant number of family files contained employment verification documents in the form of a letter from the employer that used very similar language, formatting, and headings; contained no business logos or letterhead; and otherwise appeared questionable. In addition, these files lacked supporting documentation, such as the parent's release (required by regulations), pay stubs, notes of phone conversations, copies of e-mails, letters, or other evidence of direct contact between representatives of Golden Day and the employer that are customarily found in family files of other contractors and that are required by program regulations (See, e.g., 5 CCR 18084(a)(1) and 18084(b)).

Thus, CDD staff attempted to contact the employers to authenticate the documentation and verify eligibility. CDD staff found that in many cases, the phone was disconnected or not answered, or found no evidence in public records that the employer ever existed. When the phone was answered, the person answering the phone did not answer with a business greeting. In the few instances in which a business was contacted, the business representative denied that the parent was an employee of the business.

The CDD located these questionable employer letters in 8 of the 27 files examined during the review. CDD staff discussed the inadequate documentation and inability to verify employment with the SFS Administrator upon returning from the review, and provided him copies of the questionable letters. Based on finding these letters in family files, eligibility issues, continuing problems of attendance documentation, and other issues of noncompliance in March 2008, the SFS Administrator referred Golden Day to the CDE, AID for a limited scope review.

In a letter dated October 3, 2007, but received by CDE on March 25, 2008 (See Attachment 10), Golden Day admitted "inappropriate activities regarding assisting parents with letters to be used for enrolling children in our child development program funded by the state Department of Education and writing unauthorized letters for parents," however, Golden Day blamed a staff person, Ingrid Carcamo, for this inappropriate assistance. Golden Day informed CDD that Ms. Carcamo had been dismissed for inappropriately assisting families with letters from employers and further stated:

For all families who apply to enroll their child(ren) in the state funded Child Development Program and who state that they are paid in cash, we will have our eligibility clerk verify this by making contact with the employer by phone, mail, or in person for further verification that the employer who signed the document stating that the parent/guardian works for them did in fact sign said document and that the document presented to Golden Day is accurate . . . Every month an independent review of all files for all newly enrolled students will be conducted to ensure that these procedures are being followed. The reviews will consist of three persons, Rosa Little, Debra Wright and Clark E. Parker.

As determined in a follow-up CMR described below, Golden Day failed to follow the foregoing promises—Golden Day's own corrective action plan, offered by Golden Day on its own initiative, designed "to ensure and prevent this type of [inappropriate] activity from reoccurring." However, before that CMR was conducted, there were additional developments related to the suspicious eligibility documents.

On April 1, 2008, the SFS Administrator was contacted by Mr. David Cohn, an attorney representing Ms. Carcamo in a lawsuit against Golden Day, indicating that she "denies the allegation" of Golden Day accusing her of "creating fraudulent documents" and noting that "[t]hrough she can speak English . . . her limitations with the [written] English language make it a practical impossibility that she could have personally created such documents." (See Attachment 11.) On May 2, 2008, the SFS Administrator sent a letter to Golden Day (See Attachment 12) advising the actions necessary to respond to the discovery of improper

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assistance provided to parents. On June 2, 2008, the CDD received a letter from Mr. Parker (See Attachment 13) stating that pursuant to his investigation, there were two instances in which Ms. Carcamo provided inappropriate assistance to a family: the Vanegases and the Acquinos—a copy of each letter was included in Mr. Parker's letter.

Based on the fact that CDD had examples of letters from employers dated after Ms. Carcamo was dismissed from employment at Golden Day (See Attachment 14) that were very similar to the two improper letters identified by Mr. Parker as being typed by Ms. Carcamo for Ms. Vanegas, and based on Mr. Parker's statement that there were no other instances in which Ms. Carcamo had given inappropriate assistance to a parent, the SFS Administrator determined a limited scope review was still necessary and renewed his request that AID perform a limited scope review of Golden Day.

CDD staff conducted an exit conference in May 2008 with Golden Day. After the review, Golden Day submitted a letter dated July 3, 2008 (See Attachment 15) to the CDD. In that letter, Golden Day repeated the prior pattern of disagreeing with the evidence and findings of the review and offering unique interpretations of statute and regulations. Based on their disagreement with the evidence and their interpretations of program rules, Golden Day insisted they were within their rights to operate child development contracts based on their interpretations of evidence and rules. On page 2 of the letter, Golden Day stating:

We have thoroughly examined all **27 Family Files** reviewed by you and Sandra during your review, and after our review of these files we have not been able to find any missing or incomplete documents or statements in these **Family Files** that supports your statement that the files had income error calculations [sic], mission income verification forms and incomplete file certification documentation.

On page 3 of the same letter, Golden Day states:

You stated that, "attendance tracking was found to be inconsistent from site to site in correctly identifying absences." Even if this was true, which we do not fully agree with, it does not affect what we claim on our attendance and fiscal report (CD 9500) that we submit to the state quarterly

Again, despite Golden Day's agreement in 2002 that the sign-in and out sheets completed by parents are the primary source document for audit and reimbursement purposes, and despite their recognition that sign in and out sheets must be completed daily by the parent, Golden Day continues to insist that it can rightfully submit claims for funding to the CDE that were inconsistent with the sign-in and out sheets executed by the parents.

2007–08 Follow-up CMR

A follow-up review was conducted on October 23, 2008. While technical assistance was provided throughout the CMR process, the items of noncompliance remained the same during

the follow-up review. Golden Day was informed of the findings during the exit conference, which are summarized below (See Attachment 16).

1. **For family eligibility:** The required documentation to determine eligibility was not accurate, and in some cases, incomplete and contained income calculation errors. During the follow-up review the same errors were found and in addition the agency was using notarized self-declarations instead of requesting and collecting the actual documentation of income from the parent.
2. **Need for services:** The certified hours of care did not correspond to the need of the parent/caretaker, or the need for services was not evident in the file or was inadequate and days/hours of care were not substantiated. During the follow-up review, the reviewers could not verify the need documentation in family eligibility files in regards to the hours of services. The letters from employers present in the files constituted insufficient documentation of employment when there was no release from the parent and there was no documentation establishing that the letters were obtained independently of the parent.
3. **Attendance Records:** The attendance policies reviewed in the parent handbook did not include accurate policies for excused and unexcused absence days. Attendance tracking was found to be inconsistent from site to site and did not correctly identify the absence. It was noted in several cases that Golden Day personnel had signed children out at the end of the day. It also was noted that one school age child was signing himself in and out of care on a daily basis. Reporting of attendance was inconsistent. Children were marked absent when the parent had signed them in and out for the same day. Information necessary to make a determination whether the absence was excused or unexcused was not present. The contractor recorded all absences as excused.
4. **Desired Results Developmental Profiles (DRDP):** DRDPs were present; however, it could not be verified that children were assessed using the correct time periods, and there was no evidence that two parent/teacher conferences occurred during the program year. In addition, there was no evidence that the DRDPs were used to develop a classroom summary and that the information was used to plan and conduct age and developmentally appropriate activities. During the follow-up review the same errors were identified. There were no activity plans that demonstrated a summary was completed for each classroom and that the information is used for activity planning.

Pursuant to the 5 CCR, Section 18084, the parent is responsible for providing documentation of the family's total countable income **and the contractor is required to verify the information.** The parent(s) shall document total countable income for all of the individuals counted in the family size as follows: If the parent is employed, provide a release authorizing the contractor to contact the employer(s) that, to the extent known, includes the employer's name, address, telephone number, and usual business hours. Golden Day did not have a release to contact the employer in the parent's file, nor was all information about the employer present, nor was there evidence in the file regarding any activities undertaken by Golden Day to verify the employment.

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In its letter to CDD dated October 3, 2007, and received March 25, 2008, Golden Day recognized their duty to conduct an independent verification of employment and promised that three Golden Day staff, including the President, would review the files monthly for compliance (see above and the Attachment 10). However, instead of fulfilling its promised corrective action requiring Golden Day staff to verify eligibility and need by contacting the employer via phone, fax, or email, parents were allowed to self-certify their income and files did not include required verification of employment.

Golden Day did not adequately document the need for childcare services. The hours authorized by the agency were not consistent with the actual attendance/enrollment of the child. The documentation of need was either absent, incomplete, or conflicted with the approved hours of childcare services.

Pursuant to the 5 CCR sections 18065 and 18066, agencies will maintain attendance records as the **primary source document** for audit and reimbursement purposes. Attendance records must include the name of the child, the date(s) of absence, the specific reason for the absence, and the signature of the parent or the contractor's authorized representative if verification is made by telephone. Golden Day did not track attendance accurately, did not verify excused and unexcused absences, and did not track Best Interest Days per child. Absent days were marked excused without an explanation of the reason for the absence.

Pursuant to the 5 CCR Section 18065, attendance records (sign-in/out sheets) must be completed by the parent when the parent drops off and picks up the child. (Contractor representatives can complete the record for a school-age child who leaves to attend school and returns from school.) The children's sign-in/out sheets had numerous errors. There was a consistent pattern of parents not signing their children in/out, agency personnel signing children out at the end of the day, and a school-age child signing himself in and out on a daily basis, despite Golden Day's submission of a corrective action plan in 2002 which stated: "On February 1, 2002 Golden Day implemented a plan of action to ensure that all parents sign in and out all children that they bring to our sites."

February 2011 Limited Scope Review

The AID completed their "Limited Scope Review of Golden Day Schools, Inc. for the Period July 1, 2006 through June 30, 2008" in February 2011 (Attached). Based on the review, Golden Day had inadequate internal controls, had several serious administrative and fiscal deficiencies, and charged at least \$2,435,409 for non-reimbursable and unallowable expenditures.

Specifically, Golden Day:

- Overstated its child development program attendance by 27,260 days by claiming reimbursement for:

- o 23,674 days of attendance for 250 children not properly certified as being eligible to receive program services.
- o 3,035 days of attendance for excused absences that did not have sufficient documentation to substantiate that the absences were appropriately excused.
- o 25 days of attendance for children that was claimed on an unauthorized program day.
- o 194 days of attendance for records that were modified after the fact.
- o 103 days of excused absences for 34 children that exceed the allowable days "in the best interest of the child."
- Failed to report 17,793 days of enrollment for non-certified children to the CDE for the period of July 1, 2007, through June 30, 2008.
- Improperly claimed 2,320 days of attendance for 12 children that were not eligible to receive program services due to unsubstantiated and questionable employment and income determinations.
- Failed to collect and report to the CDE \$13,446 in parent fees from the parents of certified children
- Charged \$930,657 in unsupported payroll costs to the child development program
- Claimed \$593,774 in related-party lease payments that were not fair and reasonable and failed to report \$474,846 in facilities-related income earned as a result of a sublease agreement.
- Charged \$10,917 in non-reimbursable employee bonuses.
- Charged \$444,322 in unreasonable and excessive Administrator compensation to the child development program.
- Claimed reimbursement for \$455,739 in unallowable, unnecessary, and unsupported costs to the child development program. These included registration fees and two parking tickets for the President's Rolls Royce and Mercedes automobiles.

Additionally, the limited scope review contains numerous findings of related-party transactions between Golden Day's Administrator and Board President, Mr. Clark Parker, and the Golden Day child development program; between Golden Day and Today's Fresh Start Charter School, a school operated by Mr. Parker's wife on the same sites as Golden Day; between Golden Day and Pacific Books and Supplies, a corporation in which Mr. Parker's wife is the executive director; and between Golden Day and Natural Solutions, a company in which Mr. Parker's son

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is an owner. The limited scope review also found that full-time employees of Golden Day were also being paid as full-time employees of Today's Fresh Start Charter School.

Summary of Noncompliance

In reviewing Golden Day's performance and determining whether to offer continued funding on a clear contract, continued funding on a conditional basis, or to make no offer of continued funding, the CCC took note of the history and scope of Golden Day's noncompliance with applicable statutes and regulations. The CCC found that Golden Day has a long history of chronic and systemic noncompliance, inadequate documentation of eligibility and need, inadequate and altered records of attendance, related party transactions, unreasonable cost allocation between funding sources, and charging for use of idle facilities. The same issues persist in spite of years of training provided specifically for Golden Day, technical assistance provided during and after reviews, and a significant amount of written correspondence between Golden Day and SFS.

The CCC noted Golden Day's pattern in administering child development programs. First, after reviews, Golden Day denies and disputes clear, documented evidence of noncompliance and offers unique and distorted legal theories to justify its noncompliance. When these strategies fail, Golden Day produces a corrective action plan that clearly states program requirements and practices necessary to achieve those requirements. However, when CDD staff returns for a subsequent review, evidence indicates that Golden Day is either incapable or unwilling to implement the corrective actions they have agreed to. The CCC further noted that Golden Day's chronic noncompliant practices were flagrant and egregious, and accrued to the financial benefit of Golden Day and its owners.

Golden Day was advised of the seriousness of altering attendance records in 2002, and developed a corrective action plan to ensure that parents sign their children in and out of care. Golden Day has been found to be out of compliance in recording accurate attendance during every other review thereafter. In the limited scope review, Golden Day was still found to be altering attendance records after the date on which they should have been legitimately completed. On page 99 of the Limited Scope Review, Golden Day asserts that CDE's auditors failed to examine a second set of attendance records that accurately record child-days of attendance. The CCC noted that this was the same explanation given to the SFS Administrator during an exit conference in December 2002 that turned out to be false. The CCC also noted that even if true, the existence of dual attendance records does not permit after-the-fact alteration of original attendance records completed by parents.

Golden Day wrote to CDD in March 2008 (letter dated October, 2007) stating that inappropriate employer letters were found in the family files and describing a corrective action plan developed to address this deficiency. In July, 2008, Golden Day provided examples to the SFS Administrator of the questionable employer letters it had found. However, when CDD staff found evidence of the same questionable employer letters in files it reviewed during February, May, and October 2008, Golden Day argued in a separate letter to CDD that there was nothing amiss

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in the those files. Furthermore, CDD staff, and subsequently auditors from AID could find no evidence that Golden Day's corrective action plan had been implemented.

The CCC also considered Golden Day's attitude and prospects for reform. While at times Golden Day's President acknowledges the requirements of child development statute and regulations, when evidence is found that Golden Day's practices do not conform to requirements, the response is to blame others, such as Ms. Carcamo, or to attack the integrity of the reviewers and assert an alternative interpretation of rules. This approach is reflected in Golden Day's rebuttal to the findings in the limited scope review. The CCC noted that portions of the rebuttal not consumed with accusations directed at the auditors, parse words and attempt to distort the common-sense interpretation of program rules. Golden Day acknowledges no deference to CDD's interpretation of program requirements, but rather expresses an unwillingness to implement actual reform.

For example, in the rebuttal to the limited scope review, Golden Day's President admits that he was reimbursed for the personal property taxes on his Beverly Hills residence, but believes that the payment was justified by his employment contract that allowed him payment for a "home office allowance used exclusively to work on Golden Day business." An exclusive home office is a luxury, and is not reasonable and necessary to run a child care program when there are separate offices. Moreover, while the President admits that the reimbursement for his Rolls Royce registration and two City of Beverly Hills parking tickets is a mistake that should be or has been reversed, Golden Day believes that "payment for the Mercedes vehicle's license registration fee, that the Administrator use exclusively for conducting Golden Day Schools business, is a legitimate charge to G[olden] D[ay] S[chools]" and thus should be reimbursed, despite clear requirements for reimbursement only of actual mileage charges.

The rebuttal states that bonuses were not really bonuses, they were one-time, temporary salary increases, and therefore allowable (page 88 of the Limited Scope Review).

The rebuttal contains an argument that co-located children do not have to share cost allocation (page 102), despite a clear financial rule that commingled children require all costs, including classroom costs, be properly allocated; co-located children require that all non-classroom costs be properly allocated. Both federal and state rules require that when children are supported by different funding sources (private-pay vs. subsidized children), the costs of all program operations benefiting the children must be supported by the appropriate funding source.

On page 115, the rebuttal argues that a portion of Golden Day's Administrator's salary is not an administrative cost, that the office manager's salary and benefits are not administrative costs, and that the salary and benefits of maintenance/janitorial staff are not administrative costs. We are not aware of any prior or present child development contractor taking this position. Golden Day's position demonstrates no willingness to comply with recommendations made by AID staff.

Golden Day's rebuttal attempts to justify leasing buildings to the child development program that were not used for child development purposes by citing EC Section 8271 regarding temporary closures. Golden Day argues that because a building was damaged by fire, Golden Day is

entitled to claim costs for the building because the program could no longer operate. However in the same paragraph (page 105 of the Limited Scope Review), Golden Day states "we also, immediately within (2) months replaced the two classrooms with temporary modules until the restoration and rebuilding was complete." The replacement of the building with modular classrooms meant that the program was able to operate and, therefore, the damaged building became an idle facility, not eligible for reimbursement pursuant to *EC 8271*.

Golden Day's rebuttal did not admit any wrong-doing, did not commit to comply with any of the recommendations made by the auditors in the limited scope review and failed to acknowledge any need for reform or change. The Limited Scope Review's findings of inadequate internal controls, questionable attendance records, suspect eligibility documentation, unallowable payroll costs, unallowable self-dealing and related-party lease costs, non-reimbursable expenditures, unreasonable and excessive compensation, uncollected parent fees and non-reimbursable employee bonuses, when seen as a whole, indicate an alarming pattern and practice of noncompliance that is unprecedented in the experience of the CCC, who reviewed the evidence.

Golden Day's rebuttal served to convince the CCC that in spite of years of technical assistance and regulatory explanations provided to Golden Day, numerous prior reviews documenting patterns and practices of noncompliance, there remains a staggering scope of noncompliance being committed by Golden Day, all accruing to the benefit of Golden Day. This systematic noncompliance was conducted willfully and intentionally by Golden Day based on their unique interpretation of the regulations, and in spite of overwhelming and repeated advice and direction given to Golden Day by CDD. Moreover, Golden Day's history and rebuttal to the Limited Scope Review have convinced the CCC that Golden Day does not have the organizational capacity or willingness to adhere to any version of program rules other than those reflected in the rebuttal.

Finally, the CCC noted that the noncompliance is not a case of unintentional neglect, inexperience, or an inadvertent mistake. Golden Day is a large, sophisticated agency with significant resources. Golden Day goes to great lengths to defend its practices in writing, and when such defense proves ineffective, submits corrective actions which they are unwilling or unable to implement. Golden Day has had consistent findings of noncompliance dating from the 2001-02 CMR report, and has received consistent advice in remedying those noncompliant practices. Golden Day has already been afforded every opportunity to mend its ways and to comply with program requirements, and has not substantially reformed a single area of noncompliance described in this Notice.

Proposed Action

The CCC considered the history and scope of noncompliance described in this Notice, the opportunities provided Golden Day for corrective action, and the consistent approach to administering child development programs reflected in Golden Day's written correspondence to CDD and its rebuttal to the limited scope review, and could find no reasonable basis for continuing to do business with Golden Day Schools. Given the scope and history of Golden

Clark Parker, Executive Director
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Day's noncompliance and Golden Day's stated intent in the rebuttal not to implement the Limited Scope Review recommendations, or to adhere to program rules that govern the operations of all other child development contractors, the CCC proposes that Golden Day not be offered a contract to operate child development programs for FY 2011-12.

Appeal Process

If you disagree with this proposed action, you may appeal the action by filing a response on behalf of Golden Day, with the CDD in accordance with the following requirements of 5 CCR Section 18303(c):

The CDD must receive a response within ten (10) calendar days of your receipt of this Notice of Proposed Action. Golden Day must include any written materials in support of the agency's position. Golden Day must state whether its representative intends to make an oral presentation.

The CDE's Administrative Review Panel (ARP) that convenes, pursuant to 5 CCR Section 18303(d), will review the CCC's proposed action and your response. If you do not request an oral presentation, the panel will review the written materials and issue a final decision.

If you request an oral presentation, you will be contacted within fourteen (14) calendar days of CDD's receipt of your response to schedule an appearance before the ARP. At the oral presentation, you or your representative will have an opportunity to explain any material submitted in your response. You may present any information or arguments that are relevant to the proposed action. The ARP may also set reasonable limits on the scope of your presentation. At the request of the agency, the oral presentation to the ARP may be in person at the Child Development Division office in Sacramento or by conference call.

Within seven (7) days after the presentation, the ARP will issue and mail to you a decision upholding, modifying, or reversing the proposed action of the CCC. If you intend to appeal, please mail or deliver eight (8) copies of your response and supporting materials to:

Attn: Susan Just, Manager
Policy Support Unit
Child Development Division
California Department of Education
1430 N Street, Suite 3410
Sacramento, CA 95814

The CDD must receive your appeal and all supporting documentation no later than five o'clock (5:00 p.m.) on the tenth (10) day following your receipt of this notice. If the due date falls on a Saturday, Sunday, or a holiday, your appeal must be received no later than the next business