

Latino chamber problems mount

Community leaders demand resignations

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WATSONVILLE — Amid growing concern about mismanagement within the Latino Chamber of Commerce of Santa Cruz County, the city is asking for an audit of the group's finances and has announced it won't renew its membership.

Last month, the 6-year-old chamber was evicted from its offices after failing to pay the rent, and the Seaside Co., filed a lawsuit against it over an unpaid bill.

Since then a spokesman from the IRS confirmed that the organization is not registered as a nonprofit corporation despite leadership's recent comments stating otherwise.

The city action is the latest in a series of revelations that has prompted chamber supporters in the community to call for an audit of the organization and new leadership.

"We're all very disappointed with what's happening at the Latino chamber," Mayor Judy Doering-Nielsen said. "There's a lot of questions not answered."

Luis De La Cruz, chief executive officer of the Latino chamber, has declined comment, referring all media inquiries to board President Roberto Garcia. Garcia did not return repeated phone calls by the Sentinel over the past 10 days. Board member and former chamber presi-

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dent, Victoria Mendoza Staas, also did not return phone calls.

The organization, which has received statewide commendations from the California Hispanic Chambers and drawn state and national political leaders to the community, is struggling to regain its bearings.

In September, the chamber was evicted from its \$160-per-month office in downtown Watsonville for failure to pay rent and abide by lease terms, which required liability insurance. On Sept. 25, the Seaside Co. filed a \$10,000 civil lawsuit for an unpaid event bill dating to an agreement signed by De La Cruz on June 25, 2001.

The city sponsored the event, an annual business awards dinner, to the tune of \$2,500, and wants to know how the money was spent, Doering-Nielsen said.

The city has contributed a total of \$10,430 to the chamber for sponsorships and membership dues since 1997, according to Lorraine Washington, city clerk.

De La Cruz and Garcia have said they have 590 paying members — about 100 more than the Pajaro Valley Chamber of Commerce.

At a regularly scheduled monthly luncheon Oct. 9, chamber President Garcia told attendees that although the board was embarrassed by its recent eviction, the membership was partly to blame for not paying its dues. He said the organization is struggling as all nonprofits are in this economy.

However, the organization is not a nonprofit, according to Jesse Weller, a spokesman with the IRS. There is no application on file for the organization.

Members who paid membership dues thinking they were paying to a nonprofit are not in violation of any federal law, Weller said. They can still take the cost as a business deduction.

The chamber also did not file California incorporation documents until Nov. 27, 2002, according to state records.

Sedric Cade, an investment adviser, is listed on the Latino chamber's October 2003 newsletter as a board member, though he said he resigned from the board more than a year ago. He says he quit attending meetings for several reasons, but quit paying dues after learning the organization owed the Seaside Co. money and was not negotiating with the company.

"We're all concerned about it, especially those of us who wrote checks," Cade said. "We want to know where our money went. ... Things were misrepresented and if any of us had known that, we wouldn't have participated at the level we did. We didn't think to check because there was public trust there. We got fooled."

Cade described De La Cruz as a "perpetual, compulsive liar."

Cade was president of the Pajaro Valley Chamber of Commerce when the co-founders of the Latino chamber decided to break away and establish their own organization. Cade was not in favor of the split, but served on the board as a liaison and supported its work.

"What I hope would happen is that some leadership would step forward and at least help replace the entity because it did serve a value to the community from a standpoint of diversity, government relations and from empowering the Latino community," Cade said.

Connie Williams says she is grateful for the help and support the Latino chamber provided when she opened La Ganga restaurant and is still a chamber member.

"It's such a shame to know that someone we know (De La Cruz) and had such confidence in has done this," Williams said.

Yet, she says there is a hesitancy to request an audit even though she is concerned about money she gave toward student scholarships. Some of the checks the Latino Chamber wrote for those student

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scholarships bounced.

"It is embarrassing for the whole Latino community, of course, because we like our leaders to be honest and standing up for us," she said.

Watsonville City Councilman Ramon Gomez, who served on the chamber's board in 2000 and 2001, said the eviction was "unfortunate" but it "should be a strong message about the need for accountability to the board."

Mark Myers, an attorney who provided pro bono advice to new chamber members, has offered his services to help straighten things out.

"The advice I give any nonprofit holding funds for the public trust is they have to have regular meetings and regular audits and make sure their books are kept in accordance with general accounting procedure," he said. "The concern I have I guess is this group is kind of mentoring a lot of small Latino businesses and acting as a focal point for them so it's really important that they get their act together."

But some people want the leaders out entirely.

"Luis is a personal friend of mine," said Elias Alonzo, who helped co-found the organization, but says he can no longer support its leaders.

He recently sent out a mass e-mail accusing De La Cruz and Gar-

cia of lying and calling for their resignations.

"It's just mismanagement of funds by an organization. The money needs to be paid back. The organization needs to get back on its feet or dissolve," Alonzo said.

Doering-Nielsen called the allegations "serious" and said they have damaged the credibility of De La Cruz and Garcia. She and others are concerned that the chamber's troubles might reflect badly on the city since Garcia serves on the Watsonville Planning Commission.

But Gomez, the councilman who appointed Garcia to the commission in August, doesn't see a problem.

"As a planning commissioner, he doesn't touch money, and he has a lot of experience," Gomez said.

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