

Latino Chamber 'out of business'

Additional resignations and criminal investigation signal the end for local organization

By DAVE BROOKS

OF THE REGISTER-PAJARONIAN

The Santa Cruz County Latino Chamber apparently no longer exists.

CEO Luis De La Cruz announced Monday he was officially resigning from the Latino Chamber. The announcement came nearly a week after Board Chairperson Roberto Garcia announced his own resignation. The resignations came in the wake of news that the Santa Cruz County District

Attorney's Office is getting involved in a criminal investigation of the Latino Chamber.

After Garcia's resignation last week, businesswoman Mona Villapando was the only remaining board member of the Latino Chamber, but she also reportedly will soon quit. Villapando did not return phone calls. Now the Latino Chamber has no active leadership, and former founders said there is no plan to revive the organization.

"The Latino Chamber is dead,"

founding member Elias Alonzo said. "They're out of business and Luis will be out on his own."

Alonzo said it is unlikely that the current chamber will be resurrected because of the debt the group has incurred. The Latino Chamber "is now facing a \$10,000 lawsuit," Alonzo said. "Who the hell wants to step into that?"

De La Cruz sent a letter Monday to Watsonville City Manager Carlos Palacios outlining his resignation. He said he planned to coop-

erate in the transition process and closed his letter by saying, "I will be taking a couple of days off and then I will start to look for a new job in Watsonville. It is my hope that I might be able to find work within the County of Santa Cruz."

De La Cruz's resignation had been in the works for weeks, Martin Reyna, a founding member of the Latino Chamber, said. In an open letter to De La Cruz, Reyna said he met with the former CEO in late October and tried to con-

vince him to step down.

"I said that the only way that this chamber could survive was to make some drastic changes, one being that you resign or that the chairman of



De La Cruz

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Fate of the Latino Chamber of Commerce remains unclear

Grassroots organization has become a 'black eye' for local Latino businesses, one of the group's founders says

By DAVE BROOKS

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Is the Santa Cruz County Latino Chamber of Commerce kaput?

The recent resignations of Latino Chamber leaders have brought an end to the 6-year-old business group. Several founding members said they planned to abandon the old organization because it faces too many financial and criminal liabilities, but suggested the possibility of starting a new group.

According to Latino Chamber legend, the business group was first conceptualized in a backroom at the old Flamingo club on Main Street. Latino business leaders wanted a separate organization that represented Hispanic economic interests, and the group was formed with a small fledgling membership of a few-dozen businesses.

It eventually grew into a massive lobbying group that attracted the attention of dozens of area politicians who spoke at the group's many luncheons, mixers and ribbon-cutting ceremonies. Founding member Elias Alonzo said the group's popularity is now gone, and it is unlikely that anyone would want to take on the group's recent obligations.

In a letter to the city of Watsonville, CEO Luis De Cruz made a few suggestions about how the Latino Chamber could continue.

"There are a few options to consider," De La Cruz wrote. "One of the options is to consider recruiting at least five new board members and ask them and the existing board members to develop a plan and proceed with the chamber's work."

Founders Alonzo and Martin Reyna said this option was very unlikely.

"A second option is to consider having the California Hispanic Chambers of Commerce step in and re-establish the chamber with new board members," De La Cruz wrote. "A third option is to do a combination of these two options. A fourth option is just to close the doors of the chamber. I do not have a solution yet."

The California Hispanic Chamber will consider taking some sort of action after the Watsonville Police Department and the Santa Cruz County District Attorney's office have completed their criminal investigation of the organization, Reyna said.

Reyna currently serves as a board member for the state organization and said he will likely be charged with the task of creating a new group.

"The first thing I would do is get a hold of membership to see if there is interest in forming a new Latino Chamber," he said, noting that he has already contacted sev-

eral individuals who might be interested in leadership roles.

"I would recommend that we form a foundation and hold annu-

al elections" to help keep the leadership accountable, he said.

Reyna also suggested that the current financial difficulties of the

Latino Chamber have harmed the reputation of the Hispanic business community.

"To me it's a major disappoint-

ment," he said. "The Latino Chamber was intended to be a voice to Latino businesses, and now it is a black eye."

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the board resign," Reyna stated in the letter. "That option was not accepted."

That all changed with the announcement of a criminal investigation of the group by the Watsonville Police Department. Watsonville Chief of Police Terry Medina announced Nov. 3 he was opening an inquiry into the group following allegations that it had not paid the Seaside Company \$10,000 for its 2001 Gala dinner. The city of Watsonville contributed \$2,500 to help pay for the event.

De La Cruz sent a letter Thursday to Palacios explaining the payment problem.

"I would like to clarify that you have not given the Latino Chamber of Commerce a single dollar during the past years," according to the letter. "You have sponsored some events in which you have received everything as was stated on the sponsorship form for the specific event you decided to sponsor. The sponsor form clearly states what your sponsorship pays for. I apologize if you felt there was a misunderstanding."

After sending the letter, De La Cruz contacted Alonzo and Reyna and said he was ready to submit his resignation and wanted instructions on how to do so. Alonzo said he contacted several community members and came up with a plan that had De La Cruz drafting a letter of resignation and relinquishing all control of the Latino Chamber.

He also wanted De La Cruz to turn over the keys, financial books and records to the Watsonville Police and agree to assist in the investigation.

"I would then contact all the membership and advise them of what was occurring to help them to hold a board meeting and nominate a new board of directors," Reyna said. After that, Alonzo and Reyna said, they planned to step away from the group.

Instead, De La Cruz decided to immediately resign without any plan to turn over the chamber's records. De La Cruz was reached at home Tuesday but refused to comment. However, in an open letter to the city of Watsonville, De La Cruz stated that the records were being turned over to legal counsel Mark Myers, who

will compile the paperwork with the help of a Certified Public Accountant, both of whom will do the work pro bono. De La Cruz also said Monterey attorney Tomas Espinoza would handle the Seaside Company lawsuit pro bono.

Reyna said Tuesday it was unlikely the Latino Chamber would be revamped with new leadership, but suggested the state Hispanic Chamber organization, where Reyna serves as vice chairperson, might step in to create a new Latino Chamber.

"What we are waiting for is the criminal investigation to go through," Reyna said.

Alonzo, who has been assisting the investigation, said the district attorney could be looking at possible check fraud by De La Cruz.