



## Leaders intensify criticism of Community Action of Minneapolis

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A Minneapolis nonprofit organization faced mounting pressure for reforms and new leadership Monday in the wake of a state audit finding it had spent hundreds of thousands of taxpayer dollars on trips and other lavish expenses, rather than on programs helping poor people.

City and state leaders, including several board members of the embattled Community Action of Minneapolis, said they were "dismayed" and "appalled" by allegations that longtime chief executive Bill Davis inappropriately spent money on trips, a celebrity cruise, retreats for board members and even a personal car loan.

"I think Davis should be prosecuted," said state Sen. Barb Goodwin, DFL-Columbia Heights, who sits on the Senate Finance Committee. "He has taken money out of the hands of people that most needed it."

Goodwin said tax dollars should immediately stop flowing to the agency until Davis steps down from the organization that receives \$2.8 million in state aid to provide weatherization, heating assistance and other aid to low-income Minneapolis residents.

Davis did not return repeated messages Monday.

In an interview with the Star Tribune last week, he defended the spending questioned in a Department of Human Services audit completed in August. He said the travel was for board meetings and conferences for other social service organizations. The car loan, he said, was approved by the board and will be repaid soon.

Davis convened a staff meeting Monday afternoon, but it was not immediately clear what transpired. He has also called an emergency board meeting for Tuesday.

The harshly critical audit, first reported Sunday in the Star Tribune, prompted U.S. Rep. Keith Ellison to abruptly resign from the board Monday afternoon. Ellison, a DFLer, said he had not attended any board meetings and appointed an alternate to serve on his behalf. He said he did not vote on any financial matters.

In a statement, Ellison said the audit's findings are "serious and require corrective action."

At a news conference Monday, Gov. Mark Dayton said he first learned about the financial issues raised in the audit over the weekend. He said his staff is already working to develop an action plan with the organization.

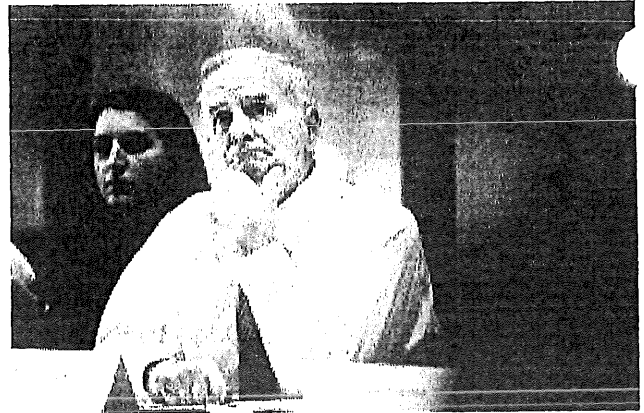
"I was personally really appalled," the governor said.

Goodwin said she first started questioning Davis' spending in 1997 after getting a copy of the budget.

"I was appalled to see charges for spas, massages, personal magazines, travel, etc.," she said. "The board members should also be held accountable. Each one has a fiduciary duty to protect that public money, whether they serve themselves or appoint someone to serve for them."

Minneapolis City Council President Barbara Johnson, who was on Community Action's board during the time covered in the

<http://www.startribune.com/politics/statelocal/276408071.html>



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Glen Stubbe, Star Tribune file

audit, said the city attorney and the city's financial division are working to determine the city's role in addressing the financial problems uncovered by the state.

She said she is "dismayed" by the audit's findings. She appointed an alternate to serve on the board on her behalf, but took responsibility for the organization's actions.

"I think it's important to recognize that you have responsibility. I acknowledge that," Johnson said. "I'm dismayed that this wasn't identified."

State Sen. Jeff Hayden, DFL-Minneapolis, who serves on the board, declined to comment. Hayden appointed his wife, Terri, to serve on the board on his behalf. The couple traveled to retreats questioned in the audit.

"They should be ashamed of themselves," Goodwin said of the Haydens. "I like Senator Hayden a lot. He is a good friend, but at the same time he had a fiduciary responsibility and he wasn't watching the money. That's a bad thing."

The state's audit, completed in August, found that Davis and the organization's board spent taxpayer money from 2011 to 2013 for trips to the Bahamas and Palm Beach, Fla., a celebrity cruise, golf, spas and the personal car loan. The organization would be forced to repay \$800,000 and is at risk of losing \$2.8 million in state aid.

"The fact that there were people who were placed in positions of responsibility who allegedly ... spent public funds inappropriately, particularly funds that were intended to help people get out of poverty, is very disturbing to me," said Dayton, a Democrat.

Dayton would not say definitely whether Community Action would stop getting state funding. He said his staff needed time to convene with city leaders to come up with a plan.

Johnson said the city is reviewing the bylaws of the organization and the contracts that Community Action has with the city. She said the city will have its next course of action later this week.

The city and the Department of Commerce will also develop an action plan for the organization, a Dayton spokesman said.

DHS Commissioner Lucinda Jesson said her department saw red flags in the nonprofit's administrative spending and began looking into it months ago.

"I think we've been taking this very seriously. A step at a time," she said.

Community Action was given an opportunity to respond by Sept. 1. In an interview last week, Davis said Community Action submitted 112 pages of information disputing the audit. He said that information had been "totally ignored."

But Jesson said those responses were not adequate.

"What we have seen so far has not alleviated the serious concerns we had," she said.

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