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A TIMES INVESTIGATION:

## Union, charity paid thousands to firms owned by official's relatives

The video production and day care companies are owned by the wife and mother-in-law of the head of the SEIU local, which represents low-wage home healthcare workers.

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California's largest union local and a related charity have paid hundreds of thousands of dollars to firms owned by the wife and mother-in-law of the labor organization's president, documents and interviews show.

The Los Angeles-based union, which represents low-wage caregivers, also spent nearly \$300,000 last year on a Four Seasons Resorts golf tournament, a Beverly Hills cigar club, restaurants such as Morton's steakhouse and a consulting contract with the William Morris Agency, the Hollywood talent shop, records show.

In addition, the union paid six figures to a video firm whose principals include a former union employee. And a now-defunct minor league basketball team coached by the president's brother-in-law received \$16,000 for what the union described as public relations, according to the union's U.S. Labor Department filings and interviews.

Most of the 160,000 people represented by the union, a local chapter of the nation's fastest-growing labor organization, the Service International Employees Union, earn \$9 an hour or slightly more tending to the infirm and disabled in private homes under taxpayer-funded programs. The workers, whose dues fill the local's coffers, often are described as "the poor caring for the poor." In its Labor Department filings, the local, headed by Tyrone Freeman, has reported more liabilities than assets for each of the last three years.

Freeman, who leads the United Long-Term Care Workers, said he and his union have done nothing wrong. "Every expenditure has been in the context of fighting poverty," he said.

A rising star in labor circles, Freeman, 38, said the union's members have benefited from the money spent on the video production and day-care companies that his wife and mother-in-law operate at their homes, because of what he termed the high quality of the services.

The union and the charity have paid those firms at least \$405,700 since January 2006, not counting any outlays this year.

Nelson Lichtenstein, director of UC Santa Barbara's Center for the Study of Work, Labor and Democracy, said the local's spending recalls the excesses of organized labor's past.

"It's very important for unions not to do this kind of thing," he said. "Union leadership is a public trust -- all the more so when the people being represented are among the lowest-paid in America."

Based on documents filed with the Labor Department and Internal Revenue Service, the Guidestar nonprofit database, business records submitted to several state and local agencies and numerous interviews, a Times investigation has also found that:

\* Payments to the company owned by Freeman's wife were among the local's largest single expenses last year. Payments by the charity, the Homecare Workers Training Center, to his mother-in-law's firm represented more than 10% of the nonprofit's total annual expenditures.

\* A housing corporation that Freeman helped found as a nonprofit has not been granted the IRS tax-exempt status it sought and was suspended from doing business in California. It also has claimed on its website to have a "strong relationship" with the prominent California Community Foundation, which says it has no such relationship.

\* The union spent at least \$123,000 more on the fund-raising tournament at the Four Seasons Resort in Carlsbad than it received in reimbursements, according to Labor Department filings and interviews. Freeman said the event made money for the charity. The union's expenditures included \$100,000 in payments to entities associated with former professional football star Eric Dickerson, which have been suspended from doing business in California. The payments were listed as donations to nonprofits, not as fund-raising expenses.

\* The local's nearly \$10,000 tab at the Grand Havana Room, a cigar lounge known for its celebrity clientele and invitation-only memberships, was for "lodging," according to the union's annual financial report. A Grand Havana spokeswoman said the club does not provide accommodations. Freeman declined to characterize the expenditure, and after The Times inquired about it, he said he had refunded it.

Freeman's local has grown dramatically in recent years, largely because of a consolidation campaign spearheaded by Andy Stern, president of the 2-million-member SEIU. The local is SEIU's biggest California chapter, the second biggest in the nation -- and it is bigger than many international unions. Freeman also represents 30,000 workers as president of an affiliate, California United Homecare Workers.

Stern, among the most influential labor leaders in America, has denounced excessive pay and perks for union officials.

He and his spokesman would not answer questions about Freeman, who ranks among the country's better-paid local labor chiefs, receiving \$213,000 in salary and other compensation in 2007.

In an e-mail, Stern spokesman Steve Trossman said: "As far as I can determine, the International Union has not received allegations concerning [Freeman's local]. If the International Union receives allegations about a local that warrant further action, we have internal union procedures

for handling them."

### **Video production**

Freeman's wife, Pilar Planells, 28, was a union staff member until 2006, earning more than \$50,000 as an executive assistant. She left the local to pursue an entertainment industry career, according to another former employee. That year, Freeman's local paid roughly \$36,000 to Planells' firm, Lotus Seven Productions. In 2007, the local paid the company about \$178,000, annual financial reports filed with the Labor Department show.

Labor Department officials said they have no record that Freeman filed a 2006 disclosure form that requires union officers to reveal payments to entities in which a spouse has an interest.

The officials said Freeman filed the 2007 form more than four months after the deadline, on July 17, about a week after The Times raised questions about the payments to Lotus Seven.

He also did not identify his wife on the financial reports as the owner of the firm.

Freeman said Lotus Seven has produced 10 videos that promote the local's work and have been shown on lease-access cable channels. He said that the company won the contract through a competitive bidding process and that his wife did not personally profit from the payments to her company.

"She only gets reimbursements," Freeman said. "She does not profit at all."

Freeman said Lotus Seven had other paying clients, but he declined to provide their names or respond to questions about whether the firm received more payments from the union this year.

Pilar Planells, who also uses the stage name Pilar Sharai, declined to be interviewed. In a letter to The Times, she said of the video contract: "Any money that was left over after paying staff and expenses went back into the company."

Los Angeles city officials said Lotus Seven does not have a business license for the couple's Studio City address. No other address for the firm could be found, nor could a phone listing.

Freeman said that a union committee solicited bids before awarding the contract. The local did not respond to questions about the bidding process.

"At one time it was on our website, I do remember that," Freeman said of efforts to advertise for bids. "And then that was it, I mean, and the word goes out. . . . I stayed away from it."

Two losing bidders for the video contract, Freeman said, were Grand Ma's Watching Productions, whose incorporation papers list former union employee Brian Cheatham as chief financial officer, and The Filming Inc.

The two entities still received money from the union, according to the local's Labor Department reports.

Last year, the local paid about \$147,000 to Grand Ma's Watching for other video work, Freeman

said. It paid the company about \$72,000 in 2006 for consulting. Calls to Grand Ma's Watching, which produces music and awards show videos, were not returned.

The Filming was paid nearly \$106,000 by the union, but Freeman said he had no information about the entity or the work it performed.

"I would suggest you track them down," he said.

The union's financial report forms describe \$82,000 of the payments to The Filming as a contribution to a nonprofit organization; the other \$23,650 was reported as advertising and promotional expenses for the golf tournament.

No state incorporation record or IRS nonprofit listing for The Filming could be found, and the Los Angeles address given for it on the union's financial report could not be located. L.A. city officials said no business license has been issued for a company of that name at such an address.

#### **Day-care contract**

Carmen Planells, Freeman's mother-in-law, provides day care at her Los Angeles home. Her business had been receiving more than \$90,000 annually for the past several years from the training center that Freeman founded as a separate nonprofit and chairs, according to IRS filings and interviews. Freeman's wife and brother-in-law, Hernando Planells Jr., are listed in state documents as officers in the mother-in-law's business.

Freeman said the day-care contract was awarded to Carmen Planells several years before his 2006 marriage to her daughter. The state birth registry shows that Freeman and Pilar Planells are the parents of a daughter born in 2001.

Asked about the day-care payments, Freeman responded, "She wasn't my mother-in-law when she got the contract."

Freeman said the day care was available to anyone who applied for it and that he did not use it. He added that his mother-in-law has been providing the service since 2000. IRS records show that the training center began reporting itemized payments for day care -- initially about \$92,000 -- in 2002.

In a telephone interview, Carmen Planells said she still had the day-care contract. "Is there something wrong with that?" she said, before declining to answer more questions.

After The Times inquired about the contract, Freeman said the training center's board would review it.

Hernando Planells Jr., listed in state records as one of three officers of the day-care service, was also coach of the Hollywood Fame, a former American Basketball Assn. franchise, according to the team's general manager, Carl Williams. The team received \$16,000 from Freeman's local in 2006, the union's financial report shows.

Freeman did not respond to questions about the payment, and Hernando Planells Jr. could not be reached.

Another sports undertaking was the Four Seasons golf tournament last year, which Freeman said netted \$80,000 to \$100,000 for the training center and the housing group. The Long-Term Care Housing Corp. is a separate entity from the local, but its "primary goal" is to help union members obtain affordable housing, according to its website.

The local's financial report shows that it spent \$418,000 on the event, not counting about \$7,000 in unspecified lodging costs at the Four Seasons. That was at least \$123,000 more than the local received in return. Some reimbursements may still be outstanding, Freeman said.

Lichtenstein said the tournament spending was troubling under any circumstances.

"I don't care if they're making money or not," he said. "It's disconnected from the world of the people they're representing. No one's playing golf who's a home healthcare worker."

The local's costs for the tournament included a combined \$100,000 in payments to two entities associated with Dickerson, the former Los Angeles Rams running back and a co-host of the golfing fund-raiser. Another NFL Hall of Famer and tournament host, Jackie Slater, was paid \$30,000 in consulting fees.

Freeman said the gridiron greats helped raise much more money than the sum paid to the Dickerson entities and Slater. Dickerson "only got a portion of what he raised," Freeman said. "If he didn't raise it, he wouldn't have got it."

Dickerson did not respond to interview requests.

In a brief phone interview, Slater said a former teammate had asked him several years ago to "help the workers" by hosting the tournament.

The union money that went to the Eric Dickerson Foundation and "Dickerson Sports" was recorded on the local's financial report as contributions to nonprofits, not as fund-raising expenses for the tournament.

The state Franchise Tax Board has suspended Dickerson Sports from doing business for failing to file a statement of corporate officers in 1999, a spokesman said.

The tax board has also suspended the Dickerson foundation for failing to file numerous tax returns, the spokesman, John Barrett, added. Dickerson Properties has been suspended for not submitting tax returns or a corporate statement of officers, Barrett said. All the suspensions remain in force.

In addition, the tax board suspended Long Term Care Housing Corp.'s right to do business because it had not filed tax returns since Freeman founded it in 2004.

After the Times inquired about the suspensions, a law firm for the housing entity said in a memo that tax-exempt status had been "delayed" because the IRS had made a "routine" request for additional information. The memo did not say when the request was made.

The memo said the housing organization has filed its tax returns. As a result, the Franchise Tax

Board lifted the suspension Thursday, a spokeswoman said.

On its website, the corporation says it has "a strong relationship with the California Community Foundation, and they are currently building 13 new homes" in Lancaster. It said the foundation was "helping us purchase land."

"No one here has ever heard of the group," said California Community spokeswoman Nanju Cho. She said the foundation asked the corporation to remove the statement from the website, and the corporation did so this week.

The site lists a Bell Gardens address for the corporation. County property records show that the address is that of a home owned by Freeman's former chief of staff, Rickman Jackson, who now heads a local in Michigan. He did not return phone calls.

Freeman said he did not know if the housing organization paid Rickman for use of his residence.

All of the local's expenses were justified, Freeman said, including \$41,500 last year at three restaurants. The union had tabs of \$12,500 at Morton's in Burbank. The restaurant bills were for meetings of the local's executive board and "large numbers of workers," he said.

William Morris, which represents people in the entertainment industry and provides consulting services to companies, received \$106,000 from the union last year.

Freeman and his representatives said the contract was for public relations and advancing the union's political agenda.

In an e-mail, a William Morris spokesman said the agency provided the union with strategic analysis and "advice and counsel" in such areas as media and "membership awareness."

Neither Freeman nor the William Morris spokesman, Christian Muirhead, would offer specific examples of the agency's services to the union. Freeman said the contract had nothing to do with his wife's entertainment industry work.

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