

1/23/2024

City of Hermosa Beach
Hermosa Beach, CA 90254

Dear City Council,

Subject: Concerns Regarding the Hermosa Beach Chamber of Commerce

I am writing to you to share my concerns about recent activities that have come to my attention involving the Hermosa Beach Chamber of Commerce. As background, I have owned a business in Hermosa Beach for close to 30 years and have served on and off the Board of the Hermosa Beach Chamber of Commerce for 10 years, including being elected its first female Chairman. I am bringing this matter to your attention as a key partner of the Chamber in hopes you can assist in correcting these issues through an independent review.

In early 2022, I began expressing concern to the Executive Board about undisclosed and unapproved financial transactions between various Board Members, our Executive Director, and the Chamber. As a tax-exempt organization (a non-profit) we are prohibited from using income or assets to excessively benefit an individual that has a close relationship with the tax-exempt organization or can exercise significant influence over the organization. Additionally, we are required to pay taxes and provide the public accurate financial statements and disclosures as part of our 990 and 199 filings.

One of the ways the Chamber ensures compliance with disclosures is a Conflict-of-Interest Policy and State Laws that requires any Board Member or Employee to disclose a potential financial transaction to the Full Board to allow for evaluating a proposed transaction for appropriateness or possible inurement before voting to approve or deny the transaction. The Board must take a formal vote and the disclosure, discussion and vote is required to be documented in the Minutes of the Meeting. An additional oversight measure to ensure non-disclosures may be uncovered is the legal and absolute right of every Board Member to review all financial transactions.

As I became increasingly concerned about what I believe might be inappropriate and undisclosed financial transactions, I became more vocal and requested financial detail (e.g. invoices, etc.) beyond the summary financials provided to the Board. My requests were met with resistance and shortly thereafter I was removed from the Board by our Vice Chair of Finance, Tom Bakaly. The official reason I was provided for my removal was "lack of qualification". My removal violated our Bylaws and State law. After failed attempts to be peacefully reinstated, I contacted an attorney and was quickly reinstated. Thereafter, I spent the next 3-6 months gaining access to the financial details of the Chamber I requested before my removal.

The following is a summary of findings from my review that I have disclosed to the Board that continue to be unresolved. I believe they put the Chamber's non-profit status in jeopardy. As an economic partner to the Chamber, I wish to notify you of my findings and hope you take steps to fully assess and resolve these matters before providing the organization continued financial support.

Self Dealing / Inurement Transactions

Over the period of late 2021 through 2023, the Chamber has made \$160,863 in payments to Board Members and the Executive Director as detailed below.

Fiesta Beer Garden - \$133,386 - In coordination with Jessica Accamando, Board Member and Chairman Dave Davis worked on a plan in 2021 to change the beer and wine providers in the Beer Garden. The original arrangement was with AB Beverage would include: (1) \$20,000 payment to the Chamber for marketing exposure at the event (2) sell the Chamber beer at wholesale keg price (approx. \$150/keg costing the Chamber approx. \$1.50/beer). Volunteer non-profit organizations would pour the beer for not cost but would keep tips from customers. The

Chamber would profit substantially from the difference between the sales price and the beer cost as well as the marketing income.

The new arrangement was to replace AB Beverage with primarily Board Member businesses including Chairman Davis's business, Hermosa Brewing Company, Executive Committee Member and Board Member Kathy Knoll's business, Uncorked, and Board Member Tim Shea's business, The Brew Halls as the primary key vendors. This arrangement would include: (1) \$0 payment to the Chamber for marketing exposure at the event (2) be paid \$4.00-5.00 per beer sold for "staffing" (3) reimbursement for supplies and cups. Instead of volunteer non-profit organizations pouring, Mr. Davis and Ms. Knoll and their staff would pour and keep all tips.

A. \$113,386.00 In Payments to Board Members Dave Davis, Kathy Knoll and Tim Shea for Beer Garden Profit Sharing in 2021-2023.

- \$42,730 in payments to Chairman of the Board, Dave Davis's Company (Member)
 - 2023 – Dave Davis (Chamber Chairman): Payment made in 2023 totaling \$13,256 to Hermosa Brewing Company, LLC in which Chairman of the Board Dave Davis is a Member of the LLC.
 - 2022 – Dave Davis (Chamber Chairman): Payment made in 2022 totaling \$16,362 to Hermosa Brewing Company, LLC in which Chairman of the Board Dave Davis is a Member of the LLC.
 - 2021 – Dave Davis (Chamber Chairman): Payment made in 2022 totaling \$13,112 to Hermosa Brewing Company in which Chairman of the Board Dave Davis is a Member of the LLC.
- \$22,659 in payments to Board Director, Kathy Knoll Company (Managing Member)
 - 2023 – Kathy Knoll (Former Chamber Director): Payment made in 2022 totaling \$5,947 to Uncorked/The Wine Shop, LLC in which Kathy Knoll the Manager Member of the LLC.
 - 2022 – Kathy Knoll (Chamber Director): Payment made in 2022 totaling \$7,802 to Uncorked/The Wine Shop, LLC in which Kathy Knoll the Manager Member of the LLC.
 - 2021 – Kathy Knoll (Chamber Director): Payment made in 2021 totaling \$8,910 to Uncorked/The Wine Shop, LLC in which Kathy Knoll the manager member of the LLC.
- \$32,436 in payments to Board Director, Tim Shea's Company (Operating Partner)
 - 2023 – Tim Shea (Former Chamber Director): Payment made in 2022 totaling \$9,614 to The Brews Hall in which Tim Shea was an Operating Partner of The Brews Hall in Torrance.
 - 2022 – Tim Shea (Chamber Director): Payment made in 2022 totaling \$12,362 to The Brews Hall in which Tim Shea was an Operating Partner of The Brews Hall in Torrance.
 - 2021 – Tim Shea (Chamber Director): Payment made in 2021 totaling \$10,460 to The Brews Hall in which Tim Shea was an Operating Partner of the Brews Hall in Torrance. This appears to meet the \$10,000 reporting threshold.

Marketing - Hiring of NuVooDoo Media Services - \$20,729 - In 2021, Jessica Accamando hired NuVooDoo Media services for marketing services without Board approval and made unapproved and undisclosed payments on behalf of the Chamber via wire transfers and payment on her Chamber credit card. Jessica Accamando had recently worked for NuVooDoo Media and her Spouse, Ashley Tull, was an employee of the Company and was hired through NuVooDoo to do work for the Chamber. Additionally, hourly staff hired by Jessica for 2021-2023 included NuVooDoo Media employees Mille S. and Shy B.

- **\$20,749 In Undisclosed and Unapproved Payments to President/CEO's (Jessica Accamando) prior employer/partner and Spouse's Employer (NuVooDoo Media).**
 - 2021 – Two undisclosed wire transfers made in 2021 totaling \$15,750 to NuVooDoo Media Services.
 - 2021 Two undisclosed Credit Card charges in 2022 totally \$5,000 to NuVooDoo Media Services.

Marketing – Bridget Prendergast - \$23,158 - In 2021, Jessica Accamando hired Bridget Prendergast for marketing and design services without Board approval and made unapproved and undisclosed payments on behalf of the Chamber via payroll payments. Chamber President, Jessica Accamando owns and operates an outside business Creative Fish Studio. Bridget Prendergast located in Portland has worked for her as an employee, independent contractor, COO and partner during 2021-2023. Jessica hired Bridget / Creative Fish to perform work for the Chamber from 2021-2023.

- **\$23,158 In Undisclosed and Unapproved Payments to Presidents/CEO's (Jessica Accamando) partner/employee in Creative Fish Studio (Bridget Prendergast) for marketing and design services.**
 - 2023 – Bridget Prendergast (Employee/Business Partner of Chamber President): Payment made in 2023 totaling \$7,058 to Bridget Prendergast Member of Creative Fish, LLC for creative services. Hourly rate ranging from \$60/hour - \$85/hour.
 - 2022 – Bridget Prendergast (Employee/Business Partner of Chamber President): Payment made in 2023 totaling \$13,190 to Bridget Prendergast COO of Creative Fish for creative services. Hourly rate ranging from \$60/hour - \$85/hour.
 - 2021 – Bridget Prendergast (Employee/Business Partner of Chamber President): Payment made in 2023 totaling \$2,910 to Bridget Prendergast for creative services. Hourly rate ranging from \$60/hour - \$85/hour.

Marketing – Ashley Tull - \$3,570 - In 2022, Jessica Accamando hired Ashley Tull for hourly services without Board approval and made unapproved and undisclosed payments on behalf of the Chamber via ACH payments.

- **\$3,570 In Undisclosed and Unapproved Payments to President/CEO's (Jessica Accamando) Spouse (Ashley Tull) for undisclosed services during Fiesta Hermosa.**
 - 2022 - Ashley Tull (Spouse of Chamber President Jessica Accamando) was paid via \$3,570 via ACH by Jessica Accamando for undisclosed services at Fiestas. Hourly rate ranging from \$50/hour - \$25/hour.

Misappropriation of Public Funds

CDTFA - The Chamber had misrepresented financial transactions on tax returns to the CDTFA in 2021 and 2022 to avoid paying sales tax to the State. Specifically, the return attest that all sales of merchandise were sold to resellers or resold instead of reporting the significant retail sales of good and services. The CDTFA is aware of this issue and has required new returns to be submitted resulting in an estimated tax liability from 2021-2023 of approximately \$50,000. The Chamber is currently under examination by the CDTFA.

SBA PPP Loan - On 02/09/2021, the Chamber received a PPP loan from the SBA in the amount of \$31,487. The PPP loan program was established to encourage organizations to retain and pay employees during the COVID pandemic. The SBA program allowed for full or partial loan forgiveness if the organization used loan proceeds for Qualified Employee Payroll.

The Chamber had between the months 02/09/2021 - 07/26/2021 (the Covered Period) to use the loan for qualified employee payroll expenses to be eligible for full or partial loan forgiveness. Actual payroll during the Covered Period was approximately \$4,300, for employees Maureen Hunt and Rachel Bonds between 2/09/2021-2/28/21 (based on HBCC General Ledger Detail).

On 02/09/2022 Jessica Accamando signed PPP Loan Forgiveness Application Form 3508S. On the application, she certified on behalf of Borrower (Dave Davis – Chairman, and Tom Bakaly – VP Finance, see Borrower Attachments) that \$25,000 was spent on Payroll Costs. She represented that Borrower complied with all requirements of the Paycheck Protection Program Rules and that the application was true and correct in all material respects under penalty of law. Based on my review of documents provided by accounting, it appears Payroll Costs were inflated and misrepresented by approximately \$20,000 resulting in full PPP loan forgiveness and accordingly

misappropriation of public funds. I estimate the actual qualified loan forgives to be approximately \$7,000 resulting in an outstanding and undisclosed loan liability of \$24,500.

Summary

I understand the importance of due process and am not seeking immediate action without a proper investigation. However, given the potential impact of these actions on the community and the reputation of Hermosa Beach, I urge the city to take these concerns seriously and consider a thorough investigation into the matter. As the 990 filings that made public are inaccurate as to the financial position of the Chamber it is necessary that the public be aware.

I trust that the City of Hermosa Beach will handle this matter with the utmost seriousness and transparency. I am willing to provide any further information or assistance that may be required in this regard.

Thank you for your attention to this important matter. I look forward to your response and am hopeful for a resolution that upholds the integrity and values of our community.

Sincerely,

Andrea Jacobsson