



**LOS ANGELES UNIFIED SCHOOL DISTRICT
CHARTER SCHOOLS DIVISION**

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August 31, 2017

PCHS Board of Trustee Chair Emilie Larew
PCHS Executive Director, Dr. Pamela Magee
Palisades Charter High School
15777 Bowdoin Street
Pacific Palisades, CA 90272

NOTICE OF CONCERN

Distributed Via:
Email & Certified U.S. Mail

SUBJECT: NOTICE OF CONCERN: Pacific Palisades Charter High School Leasing and Licensing Activities

Dear Board Chair Emilie Larew and Dr. Magee,

The purpose of this notice is to inform the governing board and administrator of Palisades Charter High School (PCHS) of the Charter Schools Division's (CSD) concerns regarding the school's current practices and adherence to the policies and agreements related to the public use of the school's facilities.

The Sole Occupancy agreement between Los Angeles Unified School District (LAUSD) and PCHS discloses that LAUSD has an interest in the use of the Premises because it provides additional funds to LAUSD. PCHS, at its sole cost and expense, shall adopt and administer a program to grant, if permitted by law, the temporary use of the Premises for film, documentary, television or other production on the Premises (generally referred to as "Film Work"), in accordance to applicable laws. The agreement also indicates that if the parties agree to allow the Film Work to occur on the Premises, the following shall apply: (1) LAUSD shall determine whether it will have an on-site supervision of the Film Work. If LAUSD will have its on-site supervision of the Film Work, LAUSD shall prepare an estimate of the cost (LAUSD's Film Cost); and (2) PCHS shall cause its broker to collect in advance from the party conducting the Film Work the Film Cost and the permission fees established in accordance with PCHS's then existing policy in effect. The broker will provide the check directly to LAUSD for 100% of LAUSD's Film Cost. Any remaining balance from the Film Work fees after deducting the Charter School's film and broker's commission fee shall be prorated and distributed in accordance with the then existing policy on proration of filming fee. As of the date of the Agreement (May 12, 2010), the remaining balance will be prorated 75% to PCHS and 25% to LAUSD.

Furthermore, in the event that PCHS allows Film Work to occur without the consent and participation of LAUSD, PCHS shall deliver to LAUSD within 20 days of its receipts of LAUSD's written demand, the monies calculated in accordance with the incremental scale table reflected under item (iv), page 12 of the Sole Occupancy agreement dated May 12, 2010.

The CSD requested and received documents from the PCHS's staff related to the school's leasing and licensing activities. Based on the review of 418 invoices and 186 agreements between fiscal years 2011-2012 and 2016-2017, the following discrepancies were identified.

- 1) The total of \$130,465 in revenues from filming activities was identified. This amount was the result of the review and analysis of PCHS's contracts/rental agreement invoices, etc. dated between September 2012 and March 2017., However, per the filming revenue schedule provided by LAUSD's Leasing and Space Utilization Department, no filming revenue was collected through FilmLA after fiscal year 2012. Details of the revenues that were not reported through FilmLA is provided below:

Revenues not reported through FilmLA:

No.	Fiscal Yr	Invoice No.	Invoice Date	Lessee	Description	Amount
1	2012-13	101	9/13/2012	Image Locations	Donation to Permit Use Permit Usage: Football Field/Track, MGAC Pool, J121, Small/Big Gym	\$ 2,000.00
2	2012-13	110	10/12/2012	Mattel	Event: Mattel Commercial Shoot Event Date: 10/13/2012 Facilities Used: Football Field & A-Building Hallway \$4,000.00	\$ 4,000.00
Sub-total FY 2012-13						\$ 6,000.00
3	2014-15	FP1004	2/23/2015	Cartoon Network Studios, Inc./	Full Day Photo Shoot	\$ 3,000.00
4	2014-15	FP1005	2/23/2015	Cartoon Network Studios, Inc./	Full Day Photo Shoot	\$ 500.00
5	2014-15	FP1006	2/25/2015	LANY Entertainment	Event: LANY Entertainment Production @ PCHS Date 2/28/2015 & 3/1/2015 (Discounted) Time: 7am - 8pm (2/28/15); 8 am- 8 pm (3/1/15) Facility Used: D101, D102, D103, D104, A204, Gilbert Hall, Library, A-Building Hallways (1st & 2nd Floor), Main Parking Lot	\$ 2,000.00
6	2014-15	FP1013	6/22/2015	Thread & Story LLC/Brandon Kucz waj	Facility Usage for Thread & Story LLC Production @ PCHS Dates: 6.23.15 Time: 3:00PM-5:45PM Facilities Used: Football Field & Stadium Parking Lot	\$ 500.00
7	2014-15	FP1014	6/22/2015	Thread & Story LLC/Brandon Kucz waj	Security Deposit for Thread & Story LLC Production @ PCHS on 6/23/2015	\$ 500.00
8	2014-15	SR009	3/9/2015	Cartoon Network Studios, Inc./Nate Funaro	Site Representative Fee @ \$40/hr * 7 hrs	\$ 280.00
9	2014-15	SR012	5/8/2015	The Thirst Project	Event: Thirst Project filming @ PCHS (Site rep fee) Event Date: 5/11/15 from 8 to 11am	\$ 100.00
10	2014-15	SR015	6/22/2015	Thread & Story LLC/Brandon Kucz waj	Site Representative Fee for Film Production @ PCHS on 6.23.15 6.23.15 - 3:00PM-5:45PM - 2.75 HRs @ \$40/HR	\$ 110.00
Sub-total FY 2014-15						\$ 6,990.00

Revenues not reported through FilmLA (continuation):

No.	Fiscal Yr	Invoice No.	Invoice Date	Lessee	Description	Amount
11	2015-16	FP1021	7/22/2015	Believe Media/Jason Madison	Site Fee: \$7,000 Security Deposit: \$1,000	\$ 8,000.00
12	2015-16	FP1022	7/22/2015	Anthem Films Inc.	Site Fee @ PCHS on 7/25/15 and 7/26/15: \$5,000 Security Deposit: \$1,000	\$ 6,000.00
13	2015-16	FP1024	1/12/2016	Blondehouse Production	Site fee for Blondehouse Production (Brooks Running Casting)	\$ 2,000.00
14	2015-16	FP1028	3/14/2016	Dude 2016, LLC	Site Fee for Production on 12/16/2016: \$8,500 Site Representative: 12/16/2016 (14 HRS @ \$45/HR)	\$ 9,130.00
15	2015-16	FP1029	3/17/2016	Mequite Productions, LLC Steiner Studios/Ivan Siebel	100 Extra Parking Spots for Tuesday, March 22 (\$10/Car)	\$ 1,000.00
16	2015-16	FP1031	3/28/2016	Westy Productions Inc Ben Bonnet & Zoe McNicol	Event: Site fee for Westy Productions Dates: 4/2/16, 4/3/16 and 4/9/16 Fee: \$6000 per day Amount: \$18,000	\$ 18,000.00
17	2015-16	FP1032	5/16/2016	Hustle Cake, LLC/Tiara Parker	Event: Hustle Cake Production @ PCHS	\$ 500.00
18	2015-16	FP1033	5/16/2016	Nodrstrom, Inc./Leslie Morava	Site Fee for Hustle Cake Production @ PCHS Date: May 5, 2017 - Time: 6:30am - 5:30pm Location: Back of Football Field, School exteriors, & Stadium Parking Lot (Parking)	\$ 4,000.00
19	2015-16	FP1034	6/15/2016	Caviar/Michael Dennehy	Site Fee: \$7,500 Security Deposit: \$5,000 Total: \$12,500	\$ 12,500.00
20	2015-16	SR021	7/22/2015	Believe Media/Jason Madison	Site Representative Fee for Believe Media Filming payable to Jorge Gracias at PCHS - \$30 x 8.5 Hrs	\$ 255.00
21	2015-16	SR022	7/22/2015	Anthem Films Inc.	Site Representative Fee for Anthem Films @ PCHS on 7/26/2015 Site Representative: Jorge Gracias 7/26/2015 - 7:00AM-7:00PM - 12 HRS @ \$30/HR	\$ 360.00
22	2015-16	SR023	7/22/2015	Anthem Films Inc.	Site Representative Fee for Anthem Films @ PCHS on 7/26/2015 Site Representative: James Buckman 7/26/2015 - 7:00AM-7:00PM - 12 HRS @ \$30/HR	\$ 360.00
23	2015-16	SR027	12/14/2015	Dude 2016, LLC	Site Representative: Payable to Oscar Cabrera 12/11/15 - 15.5 hrs @ \$45/hr 12/14/15 - 18 hrs @ \$45/hr	\$ 1,507.50
24	2015-16	SR028	12/14/2015	Dude 2016, LLC	Site Representative: Payable to Eric Arcos 12/12/15 - 13.5 hrs @ \$45/hr 12/14/2015- 12 hrs @ \$45/hr	\$ 1,147.50
25	2015-16	SR029	12/14/2015	Dude 2016, LLC	Site Representative: Payable to Efray Isidoro 12/13/15 - 14 hrs @ \$45/hr	\$ 630.00
26	2015-16	SR030	12/14/2015	Dude 2016, LLC	Site Representative: Payable to Mat Brooks 12/13/15 - 6 hrs @ \$45/hr	\$ 270.00
27	2015-16	SR031	12/16/2015	Dude 2016, LLC	Site Representative: 7hrs @ \$45/Hr	\$ 315.00
28	2015-16	SR032	1/12/2016	Blondehouse Production	Site Representative Fee for Blondehouse Production @ PCHS	\$ 200.00
Sub-total FY 2015-16						\$ 66,175.00

Revenues not reported through FilmLA (continuation):

No.	Fiscal Yr	Invoice No.	Invoice Date	Lessee	Description	Amount
29	2016-17	367	3/7/2017	Fancy Feet/Emily Kay	Facility Usage Fee for Fancy Feet - Spring & Summer: \$4,000	\$ 4,000.00
30	2016-17	368	3/7/2017	Fancy Feet/Emily Kay	Facility Usage Fee for Fancy Feet - Spring & Summer 2017: \$2,000	\$ 2,000.00
31	2016-17	FP1035	7/8/2016	Reset/Eric Sherman	Site fee for Reset Production Dates: 6/17/16; 6/18/16	\$ 16,800.00
32	2016-17	FP1036	7/11/2016	Reset/Eric Sherman	Site fee for Reset Production Dates: 6/17/16; 6/18/16 Facilities: coaches office, dressing room and bathrooms	\$ 2,500.00
33	2016-17	FP1037	7/11/2016	Buzzfeed, Inc./Production/Katie LeBlanc	Site Fee for Buzzfeed Production @ PCHS	\$ 1,000.00
34	2016-17	FP1038	7/15/2016	Reset/Eric Sherman	Overtime Costs for Location & Personnel	\$ 3,000.00
35	2016-17	FP1049	3/2/2017	Radical Media LLC/David Doumeng	Site Fee for Radical Media LLC Production Date: 3/6/17 Time: 6am to 2pm Fee: \$11,500 (site fee); security deposit \$10,000	\$ 21,500.00
36	2016-17	SR01	3/2/2017	Radical Media LLC/David Doumeng	Site rep on 3/6/17 from 6am to 2pm (8hrs) at \$45/hr	\$ 360.00
37	2016-17	SR042	7/11/2016	Buzzfeed, Inc./Production/Katie LeBlanc	Site Representative Fee for Buzzfeed Production	\$ 140.00
Sub-total FY 2016-17						\$ 51,300.00
GRAND TOTAL						\$ 130,465.00

From the \$130,465 filming revenues presented above, the CSD further noted that PCHS invoices totaling to \$9,665 indicated that payments are to be made directly to third parties and not to PCHS. Details for this activity is provided in Appendix A – TABLE I.

- 2) Based on the review of the filming revenues reported in the general ledgers and the analysis of the invoices provided to the CSD, it was noted that there was a variance between the total filming revenue recorded in the general ledger and the total filming revenue per the invoices provided to the CSD, amounting to \$403,815.35 for the fiscal years ending between 2012 and 2017. Details for this discrepancy is provided below:

Fiscal Yr	Filming Revenue based on General Ledger	Filming Revenue based on Invoices	Variance between Invoices and General Ledger
2011-12	\$ 37,612.35		\$ 37,612.35
2012-13	\$ 64,975.00	\$ 6,000.00	\$ 58,975.00
2013-14	\$ 131,743.00	\$ 6,990.00	\$ 124,753.00
2014-15	\$ 73,080.00	\$ -	\$ 73,080.00
2015-16	\$ 203,650.00	\$ 66,175.00	\$ 137,475.00
2016-17	\$ 23,220.00	\$ 51,300.00	\$ (28,080.00)
Grand Total	\$ 534,280.35	\$ 130,465.00	\$ 403,815.35

In addition, the CSD also noted the following activities/discrepancies related to Non Filming Revenues:

- 1) Revenues from sports and other activities for the total amount of \$11,495.50 indicated that invoices are to be paid directly to third parties and not to PCHS. Furthermore, the hourly rental rate reflected in these invoices did not match the “*PCHS Current Facilities Rate Sheet*” provided to the CSD. Details of the transactions are provided in Appendix A– Table II.
- 2) Five (5) Invoices have mathematical calculation errors. The hourly rate stated in the invoice when multiplied to the total hours rented resulted to the understatement of the total amount billed to the lessee by PCHS. The re-calculation amounts to \$1,930 under billing of invoices between April 2013 and January 2017. Details of the invoices with calculation errors are provided in Appendix A – Table III.
- 3) Three (3) Invoices cannot be verified for accuracy due to missing pertinent billing information such as service hours and/or hourly rates. Details of the invoices are provided below:

No.	Invoice No.	Invoice Date	Lessee	Description	Amount	CSD Fiscal Comments
1	122	11/7/2012	YMCA - Palisades/Malibu	Event: YMCA Leadership Facility: Health ED classroom Dates: 9/20, 9/27, 10/4, 10/11, 10/18 Fee: \$30/hr	\$ 225.00	The invoice amount cannot be recalculated because the hours or time was not provided.
2	SR012	5/8/2015	The Thirst Project	Event: Thirst Project filming @ PCHS (Site rep fee) Event Date: 5/11/15 from 8 to 11am	\$ 100.00	Invoice cannot be re-calculated because the rates was not given.
3	FP1038	7/15/2016	Reset/Eric Sherman	Overtime Costs for Location & Personnel	\$ 3,000.00	Invoice cannot be recalculated because of missing information.

- 4) Nineteen (19) Invoices indicated that pre-payments or discounts were applied as credits against the total invoice, however no documents were provided to support the pre-payments or discounts claimed. Details of the invoices where pre-payments or deductions from the total invoice was applied are provided in Appendix A – TABLE IV.
- 5) Six (6) Invoices have rental rates/fees that did not align with the “*License Agreement*”. The recalculation of the invoices resulted to \$2,526 under statement of billed amounts reflected in the invoice. Details of the transactions are provided in Appendix A-TABLE V.

Additionally, the CSD also noted the following:

- 1) 185 out of 186 “*License Agreements*” were not fully executed. The copies provided to the CSD did not bear the appropriate signatures of all parties concerned.
- 2) Based on the review of 418 invoices, it was noted that invoices were not properly logged and monitored. Invoice numbers were not issued in sequential order. There was no standard format or numbering convention that PCHS uses in assigning invoice numbers. Thus, the CSD was unable to determine the completeness of the invoices provided. Moreover, out of the 418 invoices reviewed, (a) Ten (10) invoice numbers were issued twice on different dates and/or to different lessees and for different services, and (b) Eleven (11) invoices with different invoice numbers have duplicated services dates reflected in the invoice billed to the same lessee. Details of the transactions for (a) and (b) are provided in Appendix A – TABLES VI and VII respectively.
- 3) There were missing invoices or agreements, thus, details of the transactions cannot be match against the PCHS general ledgers.
- 4) The PCHS permit revenue schedule indicated transfers referred to as “*Book Transfer Debit*” which were not supported by any documentation and/or explanation.
- 5) The PCHS’ “*License Agreement*” indicated that it is an alcohol and smoking free facility. However, review of the agreements provided by PCHS, the CSD noted the occurrence of the following activities at the LAUSD property per the rental agreements entered into by PCHS with the following lessees:
 - a) Radical Media LLC (David Doumeng) for the production of the Heineken commercial last March 6, 2017. There was no indication that LAUSD was notified/consulted regarding the deviation from the Facility Use Agreement prior to the execution of the rental agreement with the lessee.
 - b) Kehillat Israel (“KI”) (Katie Pincus) allows for alcohol to be serve on campus at the KI event that was held last May 21, 2016 (Saturday) and May 22, 2016 (Sunday). There was no indication that LAUSD was notified/consulted regarding the deviation from the Facility Use Agreement prior to the execution of the rental agreement with the lessee.
 - c) Based on the review of Invoice number 274 in the amount of \$400.00 dated March 4, 2015, it indicated that the payment was to be made payable to Pacific Palisades Lacrosse Association (PPLA) for the rental of the football field (Stadium by the Sea) by USC Men’s Lacrosse Club. There was no “*License Agreement*” provided for this invoice.

Based on the information mentioned above, the CSD requests that the governing board of PCHS take immediate action to address the concerns listed in this Notice by close of business on Friday, September 29, 2017.

Please include in your response a detailed explanation that will individually address each of the concerns noted above. Please include all the supporting documentation that will validate each of the responses provided. Also, please indicate any action plans and dates of implementation for each of the concerns listed.

Lastly, please provide copies of the bank statements for all PCHS bank accounts for the months listed below:

- October 2010
- February 2011
- May 2011
- June 2011
- August 2011
- March 2012
- June 2012
- July 2013
- April 2014
- June 2014
- April 2015
- June 2015
- September 2015
- July 2016
- December 2016
- January 2017
- February 2017

If you have any questions or need additional information regarding this Notice, please contact Joanne Vu at joanne.vu@lausd.net. Thank you for your cooperation.

Sincerely,



Joanne Vu, Fiscal Services Manager

c: José Cole-Gutiérrez, Director, CSD
Robert Perry, Administrative Coordinator, CSD
Sharon Bradley, Senior Coordinator, CSD
Chris Humphrey, Specialist
Emmaliza Baquir, Fiscal Oversight Administrator

Grace Ocampo, Fiscal Services Manager
Greg Woods, Chief Business Officer, PCH