

Newport Aquatic Center (NAC) History and Discovery of Financial Mismanagement, Fraud and Illegal Operations

Around 1980/1981: Billy Whitford was one of three people, along with Jim Clarkson & Carol Saylor, that created the idea of a public boathouse facility in Newport Beach. Clarkson connected Whitford to councilwoman Evelyn Hart, to explore the possible use of the City owned North Star Beach.

1982: Jon Van Cleave and Whitford created the non-profit, Newport Aquatic Center, and Measure O, a Citywide initiative, was passed allowing for the potential use of North Star Beach.

Whitford's proposed facility was some 60,000 sf, with a swimming pool and apartment for the Executive Director. This idea achieved no support or approval from the City or the Dover Shores homeowners, and no funding to build this project was acquired.

The approval to bring this project to fruition was about to expire, and Whitford asked Dave A. Grant, OCC Crew Coach & Dean of Students, to help. He joined their Board, eventually bringing with him, Jim Warmington Sr., Joe Thomas, Joel Kew, Jim Clarkson, Curt Fleming, Bruce Ibbetson, Bill Jewell, and Tom Young.

1987: The project was designed, funded, and built by these new people, not Whitford and Van Cleave, who both quit when Whitford was not awarded the position of Executive Director. The NAC was approved to be a public center for teaching, development, and training for Olympic rowing, canoeing, & kayaking.

1989: New [bylaws](#) are approved, giving Adult Members the right to vote for their Board Directors.

NOTE: The 1989 Bylaws were later fraudulently changed to eliminate Voting Rights for Members - without a member vote. This change allows a self-elected and self-perpetuated Board that does not follow the required term limits or elections.

About 1998: Phase II of the existing facility had just been completed and the Executive Director position was vacant. Whitford had returned from Hawaii and the Board, in a position to hire a new Director, decided to give him a chance to return. Whitford becomes the 6th Executive Director of the NAC.

January 2014: An NAC founder approaches the Board of Directors with a formal proposal to donate a large sum of money to the organization but requires financial accountability as a condition of the donation. The Board rejects the proposal.

September 2015: Whitford expresses to NAC Jr. Rowing Program parents the great need to raise more than \$250k and threatens to “lock up the rowing boats” if parents don’t meet his demand. Concerned parents organize several fundraisers throughout the season, raising tens of thousands of dollars for the NAC; parents are also concerned about how the NAC found itself in this financial trouble.

June 2016: Parents learn that Whitford intends to fire Coach Nick D’Antoni while he is away at Selection Camp for the Junior National team (and right after D’Antoni has successfully coached teams to success at Nationals). A group of involved parents organize to prevent the firing and to create a more accountable and transparent organization.

June 30, 2016: Parents attend the NAC Board Meeting and deliver a [letter](#) to the Board outlining their concerns (signed as “Junior Rowing Parents Group”). The letter specifically asks that: 1) Nick D’Antoni not be fired, 2) NAC hire a Jr. Rowing Director to oversee all aspects of the rowing program and report directly to the Board.

July 26, 2016: Parents attend Board meeting and to address concerns further. One parent, Pat Rolfes, provides a presentation to the Board and suggests that they reinstate the Director of Jr. Rowing position, previously on the organization structure, to provide more oversight of the Jr. Rowing Program. The Board votes unanimously to have a Director of Jr. Rowing position. Rolfes throws his hat in the ring for the position, interviews and is offered the position by Whitford; his hiring is confirmed by the Board.

August 16, 2016: Rolfes provides Bill Grant and the Board a detailed summary of the operation and financial goals of the Jr. Rowing Program for the upcoming season, including a detailed budget with specific fundraising goals, coaching and training initiatives, a transparent and fair Scholarship Program and an open communication initiative. He also delivers a letter to Grant and Van Cleave outlining the [preliminary results of a financial analysis](#) of the NAC and Junior Rowing Program for several years. The letter outlines findings including **almost \$200,000 in missing cash, conflicting historical financial statements and \$150,000 of unreported debt that put the program in a significantly weakened financial position.**

August 23, 2016: Van Cleave sends Rolfes, Grant and Whitford an email indicating that the NAC is hiring a “forensic accounting expert” to review the financial analysis and 8/16/16 letter and that he would respond in writing. **No such response was ever received.** The forensic accounting expert Van Cleave intends to hire is not an accountant but a commercial lease consultant. Rolfes asks Van Cleave for his credentials and a work letter outlining the scope of services to be provided but **receives neither.**

August 28, 2016: Caroline Taylor and Scott Richter meet with Grant to review the financial analysis findings. Grant is shocked and frustrated by what he hears regarding the missing cash and debt balances and asks Taylor to change the analysis to a seasonal year versus calendar.

Taylor provides the alternative analysis to Grant on September 16, 2016 reflecting the same cash balance issues. Grant resolves to get with NAC accountant to get to the bottom of it but **nothing is ever done or communicated.**

September 20, 2016: Junior Rowing Parents Group attend the Board meeting. Richter makes a presentation to the board outlining the 8/16/16 financial analysis findings and urges Board action. Also presented is a detailed work letter obtained by the Parents Group for a forensic audit of the NAC by a licensed and qualified forensic auditing firm, Hanzich & Company. The Parents Group suggests that the Board either hire Hanzich itself, split the cost with the Parents Group or allow the Parents Group to pay for the audit report.

September 27, 2016: The Board calls a special meeting to discuss the Hanzich proposal. In the meeting, Grant, Whitford and Van Cleave are asked directly if they know where the missing Junior Rowing funds (~\$200,000) went. Grant acknowledges that they do not know. Van Cleave indicates that the Board will not pay for any portion of the audit but acknowledged the Board's obligation to cooperate should the Parents Group choose to move forward. The Board votes unanimously on a motion to fully cooperate with the auditor and Junior Rowing Parents Group by providing all relevant information requested.

October 12, 2016: Bruce Ibbetson, Donna Warwick, Caroline Taylor and Scott Richter officially engage Hanzich & Company to perform a forensic audit of 5 years' worth of NAC financials.

October 26, 2016: **NAC refuses to provide electronic copies of the accounting files and supporting documentation requested by the auditor.** It then delivers 3 years of accounting data printed on thousands of sheets of paper in font so small that it is illegible. The Parents Group objects and for 6 weeks pleads for the NAC to provide the information in a workable and legible format.

November 22, 2016: At the regular Board Meeting, the Board votes to authorize the release of electronic copies of the NAC financial information, including QuickBooks, cancelled checks and credit card statements. Access is provided in early December.

February 28, 2017: Grant addresses the NAC Board and informs them that he has personally met with Hanzich, that he expected the report to be completed in March and that he wants Hanzich to present his findings to the Board.

June 1, 2017: [Hanzich report](#) is completed.

June 16, 2017: Junior Rowing Parents Group submits a letter to the NAC Board of Directors outlining the findings of the Hanzich report and other investigations and asking for a definitive timeline to address related concerns.

The findings reveal gross financial mismanagement and private operations in conflict with the NAC's land lease agreement, and with the City of Newport Beach. [Some of the the findings](#) include:

- Operating a cash-only Middle School rowing program off the books, with no revenue provided to the NAC or NAC Junior Rowing program per the NAC financials. [Once this was brought to the Board's attention, they delegated the management of the Middle School Rowing program to Pat Rolfes and under his leadership, Middle School Rowing generated a profit of \$30,000. Where did the money go in the past?]
- Operating/allowing to operate a private business, Puakea Designs, at the NAC. Operations include Puakea paddle production and distribution at the NAC, using NAC shop employees, facilities, tools, supplies and materials paid for with NAC funds. No revenue from these activities were provided to the NAC per the NAC financials and the operation of a private business is in conflict with land lease agreement with City of Newport Beach.
- Distribution of Puakea canoes out of the NAC, using NAC employees, trailers, fuel, and resources to unpack, load and deliver canoes with no revenue coming to the NAC per the NAC financials.
- Use of NAC credit cards for non-NAC expenses such as food, fuel, door knobs, kitchen cabinet knobs, screen doors, grow lamps, clothing, a cat door, and other unauthorized expenses. [There has been a nearly \$30k reduction in credit card use for food, fuel and shop this past year since Warwick and Ibbetson have been monitoring the abuse.]
- The list of financial wrongdoings is long and well-documented.

June 18, 2017: Hard copies of the Hanzich report and Junior Rowing Parents Group [Power Point presentation](#) identifying extensive use of NAC resources for boat distribution and paddle manufacturing businesses are delivered to each board member at the NAC.

June 20, 2017: Junior Rowing Parents Group attends NAC Board meeting to discuss materials delivered to Board. Board passes resolutions prohibiting the distribution or storage of non-NAC boats and the manufacture of paddles.

Board also votes to create a Task Force designed to address financial and operational concerns raised by the Parents Group. The Task Force is originally set up with 12 members, 6 from the Parents Group and 6 from the NAC Board.

June 28, 2017: Ibbetson and Warwick, in fulfilling their legal and fiduciary responsibilities as nonprofit board members, [submit concerns](#) to City of Newport Beach regarding activities at the NAC in conflict with the terms provided in the Governing Documents of the land lease agreement. [Whitford responds](#) at the City's request. **No additional investigation is conducted by the City and no response is made.**

December 1, 2017: As committed and deeply concerned Board members, Ibbetson and Warwick feel they have exhausted all other options to right the serious situation resulting from long term mismanagement, misappropriation of funds and other breaches of fiduciary duties. Ibbetson and Warwick file a [lawsuit](#) naming three other Board members (Bill Grant, Jon Van Cleave and Jim Netzer), the NAC Executive Director (Billy Whitford) and others.

January 2018 Board Meeting: Rolfes expresses concern with Van Cleave's Treasurer report indicating that there is a balance of \$188K in the NAC bank account as of December 31, 2017. NAC financials show an ending cash balance of \$128K on December 31, 2017. Jr. Rowing financials- which have been made available as Google Sheets on the NAC website - report a balance of \$193K; where is the difference in money? Van Cleave is unable to answer. This same treasurer's report has been posted on the NAC website before being approved by the Board. The Board votes to remove the treasurer's report pending review. NAC Financials are never provided to the membership again and over the next month, financials from the Jr. Rowing Program are removed at Whitford's direction from the NAC website. All financial transparency is eliminated!

February 2018: Illegal audio recording device placed in the NAC Board room by Whitford (and verified by NAC coaches and staff that Whitford was seen and heard listening to the recordings) is recovered by the Newport Beach Police Department. Brought to the Board's attention in February 2018, yet still no action has been taken by the Board majority to address this criminal activity. Whitford sends "Executive Director Message" to NAC email distribution list full of lies and misinformation about audio recording device.

March 2018: Susan Skinner resigns from the Board. No action is taken to fill her vacant Board position. Now operating with only 7 board members, the Board continues to approve bylaw changes and other significant actions without a minimum of 8 directors and, as before, without minutes reviewed and approved in a timely manner.

June 2018 and July 2018: Board closes meetings to NAC members and parents. No information on Board action or financials are made available to the NAC community.

August 1, 2018: Pat Rolfes, Director of Jr. Rowing Program, is terminated by Billy Whitford based on false allegations. Rolfes along with many parents, coaches, NAC founders, NAC athletes and members, and even several Board Members, believe that he was fired in retaliation for providing a sworn, truthful [Declaration](#) on behalf of the plaintiffs in the lawsuit.

August 5, 2018: Beth Anderson announced as the new Director of Junior Rowing Program and Head Novice Girls Coach.

August 9, 2018: Steve Patterson resigns from the Board. The Board now has only six Board members: two are plaintiffs (Ibbetson and Warwick); three are defendants (Grant, Netzer, and Van Cleave); and Greg Collins.

Disclaimer: The information provided in this document is accurate to the best of our knowledge and based on public documents, information from NAC coaches and staff, NAC founders, and documentation from the Junior Rowing Parents Group. If you believe any information included is inaccurate, please email info@NACMembersUnited.com.