

Dear Editor – Resignation Required

culvercitycrossroads.com/2020/08/18/dear-editor-resignation-required



Dear Editor,

If and when Culver City implements an effective, unbiased and easily assessable fraud, waste, and abuse program and associated hotline (FWA Program/Hotline), whistle blowers will eagerly come forward with valuable information. In the interim, in reference to my recent Letter to the Editor entitled, “Thomas Small’s Legacy,” several tipsters anonymously suggested looking into an alleged “Hackman-Small” relationship. This led to Culver City Forward (CCF).

CCF is “[t]he brainchild of Michael Hackman of Hackman Capital Partners. [CCF] is funded primarily by Hackman and Culver Studios, along with many other business interests in the city.” (4/9/20, Culver City Cross Roads [CCCR], “Culver City Council Member Small Talks About Culver City Forward & Feeding a City in Crisis”) They have business before the City Council.

Hackman Capital Partners, LLC (Hackman) has massive projects in Culver City, e.g., (1) the Culver Steps, (2) Culver Studios, (3) major construction at 4060 Ince Boulevard; and had associated matters come before the City Council.

For example, on August 26, 2019, a Hackman-owned property came before the City Council on an issue of Extended Construction Hours. Residents opposed the extension. The Minutes reflect, “Mayor Sahli-Wells ... reported that she lives near the project but has been advised by the City Attorney that there is no conflict of interest in voting on the item.”

Mr. Small did not make any disclosure. He voted in favor of the extension.

“When asked about possible conflicts of interest between council duties and the non-profit desk, Small noted that he held ‘extensive discussions with City Attorney [Carol Schwab] and City Manager [John Nachbar] and we also engaged outside counsel. ...’ ... [I]f I have to recuse myself all of the time, then I won’t be an effective council.” (4/9/20, CCCR) What

did Ms. Schwab and Mr. Nachbar determine? Where are the written legal opinions and memoranda? Mr. Small has admitted that CCF plans to gather money from everyone it can, which includes every business that appears before the City Council. How far have Ms. Schwab's shoddy ethics infected Culver City?

Hackman incorporated CCF on March 1, 2019, as "a non-profit public benefit corporation and not organized for the private gain." Brent Iloulian (Esquire) was the "Incorporator." Mr. Iloulian is Hackman's General Counsel. Public records show that, of the numerous entities created by Hackman over the years; CCF was the only non-profit.

Mr. Small recently wrote, "This past fall [September through November 2019], I became the CEO of a new organization called [CCF]." (8/7/20, CCCR) (This may have been his belief, but he did not officially become CEO of CCF until sometime between March 9 and June 1, 2020.)

Perhaps, not so coincidentally, in early October 2019, Ms. Schwab and Mr. Nachbar began their secret efforts to sabotage the City-Council-approved FWA Program/Hotline. On March 9, 2020, Michael D. Hackman (Chief Executive Officer of Hackman), not Mr. Small, was still CCF's Chief Executive Officer, with Mr. Iloulian serving as its Corporate Secretary.

According to records on file with the California Secretary of State, on June 1, 2020, City Council Member Small first became the Chief Executive Officer of CCF, and Dr. Kelly Kent became its Corporate Secretary. Mr. Hackman gifted a valuable asset—a fully-formed-tax-exempt corporation with its filing fees and legal expenses paid—to Mr. Small. One wonders, whether, at the time of the gift, CCF controlled valuable assets, e.g., bank accounts, which Mr. Small could then direct toward his salary.

With regard to Mr. Hackman's gift of CCF to Mr. Small, City Attorney and City Manager Nachbar should review City of Culver City – Council Policy Statement – Employees and Officials – Code of Ethics Policy No. 4006 (4/22/96). It states, in part:

DEFINITIONS ... D. "Gift" means anything of economic value, regardless of form. ... H. "Public Official" means any person holding a position by election in service to the municipality.... II. CONFLICTS OF INTEREST ... C. ... 3. Gifts and favors. No Public Official ... shall accept any gift valued in excess of \$25 from any person, firm, or corporation which to his/her knowledge is interested in any business dealing with the City. Culver City residents should want our City Council Members and Staff to be as much above suspicion as Caesar's wife, but the Hackman-Small relationship raises serious concerns. City Council Members, Ms. Schwab, and Mr. Nachbar owe Culver City residents a detailed explanation of their knowledge of the Hackman-Small relationship, including when they first learned of it.

As to the bigger picture, what can we, the residents of Culver City, do to root out

corruption? In November, we can vote in favor of candidates who have publicly expressed their commitment to implementing the fully vetted FWA Program/Hotline adopted by the City Council on September 9, 2019.

Mr. Small has publicly cast a cloud over his activities and the government of Culver City. He should immediately tender his resignation, or be expelled by his fellow City Council Members.

Les Greenberg, Esquire