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Audit hits museum finances

L.B.: Foundation doesn't have the money to pay city; pieces of collection are confirmed missing.

By Joe Stevens
Staff Writer

LONG BEACH — The Long Beach Museum of Art has no plan in place to repay the \$3 million it owes the city and inappropriately spent \$1.5 million on its daily business operations, Long Beach City Auditor Laura Doud said Tuesday.

Doud released the first of two audits of the

MUSEUM

FROM PAGE A1

nonprofit organization that runs the city-owned museum on Monday. A second audit expected to come out next month will detail the museum's 3,000-work collection and show that pieces of the collection are missing.

While Doud refused to comment on the second audit, the museum's executive director, Ron Nelson, confirmed that much of the museum's collection, including Alexej Jawlensky's "Number 7" and "Number 27," is missing.

"The paintings were traveling in 2000 (for an exhibit in Paris), and they were found to be lost in 2002," Nelson said. "We do believe they came back from Europe. But they are missing, and we can't say where they are."

Doud's first audit detailed the foundation's fundraising effort to finance its renovation and expansion project. The audit showed that the foundation owes the city a \$3 million bond repayment, which is due in September 2009, but has only \$388,000 for repayment.

The audit also found "several significant issues pertaining to the foundation's operations under its previous management." Doud cites altered receipt schedules and deposit

slips, the use of the foundation's credit card for personal use by a former director of finance and unauthorized wage increases to employees.

"I need to be clear that the new management has cooperated with us in every way," Doud said. "They are working with us in good faith, and some of the problems we encountered have been changed with the new management."

Nelson had a similar sentiment about working with the city, but accepted that the audit was what he termed "a black eye."

"Something like this — it's not flattering," Nelson said. "I can say that not anyone that is working here now is at fault."

Doud's report states that the previous executive director was the president of another nonprofit organization, too. The report says he used museum resources to operate the second organization at the museum and the museum's address was listed as the sec-

ond organization's main address.

That executive director was Harold "Hal" Nelson, who is not related to Ron Nelson. Hal Nelson was fired by the museum's trustees in November 2006. He then filed a wrongful termination lawsuit, which is reportedly scheduled for a hearing this summer.

Phone messages to Hal Nelson and his attorney in that suit, Nancy Bornn, were not returned.

Doud wants the city and foundation to devise a strategy to meet repayment of the \$3 million bond. As far as the improprieties mentioned in her report, she recommends that the foundation do a thorough investigation on its own and try to recover its lost \$1.5 million.

Recovering that, as well as the missing art, could prove extremely difficult. Apparently, some of the museum's collection has been gone for more than 30 years, and what is missing hasn't been documented, said Ron Nelson.

A lot of what is missing also doesn't have much value, such as missing posters and ash trays, according to Ron Nelson.

But the Jawlenskys certainly do have value. While "Number 7" and "Number 27" are physically smaller works than a typical painting and aren't considered the artist's major works, Jawlensky is a huge name in the art community. His painting "Schokko" (1910) sold for \$18.4 million in February.

"It's not an ideal situation," Ron Nelson said. "I take it very personal. I really want to work with the city to find a solution. It is a black eye."

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