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From the Los Angeles Times

## L.A. official steered work to relatives

Nearly \$800,000 in contracts, often with inflated prices, went to family and firms with political ties, data show.

By Ted Rohrlich and Jessica Garrison

Times Staff Writers

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A high-level manager for the Housing Authority of the City of Los Angeles directed nearly \$800,000 in contracts to his brothers and three politically connected firms without competitive bidding or after rigged contests, a Times review has found.

The manager, Victor Taracena, oversaw more than 150 contracts worth about half a million dollars that went directly to companies his brothers created, contract files show.

Seven other contracts worth \$289,000 were awarded to non-family firms, two of which had little or no expertise in the work they were hired to do.

These firms — all with ties to current or former Los Angeles City Council members from the Eastside — won their contracts in bidding processes fraught with irregularities. In one case, a losing bid was submitted by a nonexistent company. Other such bids came from actual companies which, when contacted by The Times, said they were surprised to learn that bids had been submitted in their names.

Some purported bidders did not correctly spell their own names. And legitimate firms said their stationery had been obtained under false pretenses or fabricated.

"No, no, no, no," said George Sihvonen, a civil engineer who, contract files show, bid unsuccessfully on several jobs. "I haven't submitted any bids.... Those are not my doing at all. Somebody else has used my name."

The contracts involved design and construction of facilities to accommodate disabled people: wheelchair ramps, toilets and grab bars in city housing projects.

In numerous instances, the city housing authority appears to have overpaid for the services, based on comparisons with its counterpart in the county.

The overpayments — amounting to more than \$130,000 for toilets and grab bars alone — mean that scores of disabled residents may have to wait longer for their apartments to be made appropriately accessible, officials said.

The authority is responsible for providing housing to about 60,000 of the city's poorest families. Though governed by a commission appointed by the mayor, the authority is a free-standing agency primarily funded by the federal government.

Taracena, who was recently fired from his \$104,000-a-year job after a housing authority investigation, declined to comment, but his attorney, Marshall Rubin, said his client denies any wrongdoing. He would not elaborate.

Officials at the authority said they had referred Taracena's case to the Los Angeles County district attorney's office for possible prosecution.

David Demerjian, who heads the district attorney's public corruption unit, said no decision had been made on whether to file criminal charges.

The bid-rigging comes at a time when the housing authority is grappling with the consequences of a series of mismanagement and corruption scandals that three years ago had the agency on the brink of federal receivership. The agency no longer faces that danger.

Many agency leaders were swept out in the midst of a federal investigation into allegations of a kickback scheme. No kickbacks were proved.

The agency's current director, Rudolf Montiel, said he has spent much of the last few years working with the U.S. Department of Housing and Urban Development to root out corruption. Dozens of staffers have been fired or placed on leave. Several have been referred to the district attorney's office for criminal prosecution.

Taracena, who was hired in August 2003 as a construction project manager, was given the responsibility of bringing the city's 15-plus housing projects into compliance with the Americans With Disabilities Act. He was repeatedly promoted and by January 2006 placed in charge of all the authority's design and construction, reporting directly to Montiel.

Shortly after he was hired, according to contract files obtained under the California Public Records Act, he began steering jobs to family-owned construction and design companies. County records suggest that the companies did not exist until they began receiving contracts.

The firms — Pratt-Jennings-Holmes, Decker & Durden, Trevor and Associates, and So-Called Artists — are registered in the names of either Bennett or Diego Taracena, Victor Taracena's brothers.

Bennett Taracena declined to be interviewed. Diego Taracena did not respond to a written request for comment.

Contract files show that the brothers' firms won 94 out of the first 100 contracts that Taracena handed out. Most of the jobs were for just less than \$2,500 — then the limit for jobs Taracena could award at his discretion without soliciting bids.

Although the contracts were small, the authority often paid far more than necessary.

For instance, the authority paid nearly \$2,500 each to install 20 toilets for disabled people in projects around the city. By comparison, the Los Angeles County Housing Authority would pay about \$620, said Geoffrey Siebens, a construction manager there.

Similarly, Taracena authorized installing grab bars in bathrooms of nearly 50 housing units, paying nearly \$2,500 for most sets. Siebens said the county usually pays one-tenth that.

Moreover, records show that firms connected to Taracena's family sometimes double billed.

Early last year, to streamline the contracting process, the housing authority raised the limit that managers could award at their discretion to \$25,000. For awards between that and \$100,000, managers were required to solicit quotes from at least three contractors. Amounts higher than \$100,000 required a more formal process involving advertising for bids.

About the same time, Taracena began awarding larger contracts not only to family companies but to the three politically connected firms on the Eastside, each of which received payments of just less than \$100,000.

Representatives of two of the firms — the Estrada Courts Residents Management Corp. and Grande Vista Associates — denied any knowledge of rigged competitions. "I'm just happy that I got a contract," said Gustavo Valdivia, head of Grande Vista.

The head of the third, KV and Co., did not respond to repeated requests for comment.

The Estrada Courts group, a nonprofit run out of an Eastside housing project, received four contracts collectively worth about \$95,000. Headed by Abraham Paez, it already had government contracts to provide security guards and day-care programs at some projects.

Paez became an important player in internal housing authority politics a few years ago when he, with former Councilman Richard Alatorre, helped oust a previous assistant director at the authority suspected of taking kickbacks from a contractor, although the kickbacks were not proved and she was not charged.

Alatorre also has served as a paid consultant to the Estrada Courts group and the housing authority.

Without construction and design experience, the Estrada Courts group subcontracted its work to firms Taracena recommended, Paez said. At least one of the subcontractors was Pratt-Jennings-Holmes, created by Bennett Taracena.

Grande Vista, headed by political consultant Valdivia, a former member of Councilman Jose Huizar's staff, landed a \$98,895 contract.

And KV and Co. won two contracts worth \$95,230. The sole contractor among the three firms to have design expertise, it is headed by a man named John Kanounji (misspelled as Janouji in the bidding documents).

The three contract winners share various connections, not just with City Hall, but with one another. For instance, Valdivia sublets an office from Paez's Estrada Courts group. Paez and KV have been clients of former Councilman Nick Pacheco, who is Paez's attorney and KV's registered agent.

For the larger contracts, Taracena appears to have created a complex paper trail suggesting he followed the protocol of soliciting the minimum three bids required.

Interviews, however, suggest the process was nearly always fixed to make sure the politically connected firms won.

"That's my stationery. But I didn't bid this at all," said construction company owner Dick Boranian, whose firm was listed as an unsuccessful bidder. Boranian said he had submitted his firm's stationery to the housing authority to win an earlier job. But on this purported bid his name was misspelled, appearing as "Bodijian."

Sihvonen, the civil engineer who insisted he did not bid, said the stationery used in bids attributed to his firm had the wrong address — one that did not exist. Sihvonen said he once employed Taracena and, over the years, Taracena had hired him for small private jobs not involving the housing authority.

Other people whose stationery was used had ties to the Estrada Courts group or Valdivia, the political consultant, rather than Taracena.

Estelle Campbell, an interior designer who owns the building where Estrada and Valdivia have their offices, was one of them.

Files show she submitted a losing bid for the job Valdivia won.

But she said she never bid.

"I'm appalled," she said when shown a copy of the bid made in her name. "Those slugs."

Campbell recalled giving some of her stationery to an Estrada Courts employee, Phillip Chavez, at his request. She said the request came after she and her partner spoke with Chavez about doing work with the housing authority. She never did

any.

Chavez said he did not remember receiving stationery from her and had not submitted a bid in her name.

At least one of the losing bidders said he offered stationery to someone he thought was working on his behalf — Valdivia of Grande Vista Associates.

Ray Levert, who owns a construction firm in Downey, said he hired Valdivia to help him resolve problems related to a project in Whittier. Valdivia asked him, he said, whether he would be interested in obtaining housing authority contracts. He said Valdivia helped him bid. Levert said he would give Valdivia estimates for jobs which, as far as he knew, Valdivia would refine and then submit to the authority on Levert's stationery.

Levert said he never won.

But records show Valdivia did — by underbidding Levert.

"Is that unethical?" Levert asked, when shown the paperwork.

Valdivia acknowledged that Levert was a client on an unrelated project in Whittier but denied submitting bids to the housing authority on Levert's behalf.

In one case, documents and interviews show, a company that bid repeatedly does not seem to have existed.

Files show that someone named "John Vargas" of "Vargas Designs" submitted bids and gave a Highland Park address. There is a drafting firm at that address, but the father and son who run it say they have never heard of John Vargas.

A review of public records also turned up no Vargas at that address.

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(INFOBOX BELOW)

The \$2,500 toilet\*

A comparison of expenses paid by the city and county housing agencies.

- Price per toilet paid by the Housing Authority of the City of Los Angeles: \$2,445.
- Price per toilet paid by the Los Angeles County Housing Authority: \$620.
- Price per grab bar paid by the city: \$2,000 to \$2,500.
- Price per grab bar paid by the county: \$250.

\*Prices cover removal of an old toilet and installation of a new one that meets Americans With Disabilities Act standards in apartments in public housing projects. The city had a \$2,500 ceiling for no-bid contracts that could be awarded by managers at their sole discretion.

Source: Los Angeles city and county housing authorities

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(INFOBOX BELOW)

An unreal bid

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Housing authority files show this bid for about \$100,000 in construction design work at three housing projects was submitted in the name of civil engineer George Sihvonen. But Sihvonen said he never made the bid.

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Other bidders for this contract listed in city housing authority records included:

Republic Services Group, whose owner said he did not submit the bid.

Estelle Campbell, who also said she did not submit the bid.

KV and Co., whose bid was submitted in the name of a nonexistent executive.

Vargas Designs, a company that apparently does not exist.

West Coast United, whose owner said he submitted a bid through his political consultant, Gustavo Valdivia, an assertion Valdivia denied.

Valdivia's firm, Grande Vista Associates, which won the bid.

Estrada Courts Resident Management Corp., from whom Valdivia sublets

office space.

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Sources: Housing Authority of the City of Los Angeles, Times reporting

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