

Sacramento Nonprofit's Demise Leaves Trail of Questions

By Robert Lewis

The Sacramento Bee

November 25, 2009

First of two parts

A venerable local nonprofit, known for years as the Sacramento Association for the Retarded, quietly and without warning closed its doors this summer. The organization heads to bankruptcy court next week.

... Family connections

As the nonprofit's spending on programs and services fell off, board members, officers and their families began benefiting from the public's charitable giving, The Bee's review found.

About 2005, a woman named Ruth Mahoney asked for a grant to start a pediatric medical day care facility. The board did not approve her request.

"It was way too many dollars for the nonprofit to be putting out," said Annette Fischer, a board member at the time.

About a year later, however, Mahoney received \$128,303 - one of the largest grants SAR ever awarded.

In the interim, four board members, including Fischer, were voted out by fellow board members, according to draft board minutes and interviews. Another said she resigned.

And, a new executive director was hired: Mahoney's brother, Michael, who moved from Louisiana to take the job.

Ruth Mahoney's pediatric facility, The Bee has learned, was to be housed in property owned by SAR's then-board president, Jay Vallone.

Vallone confirmed he owned the property and leased it to Ruth Mahoney but said there was nothing untoward about the arrangement. He rejected the notion that he benefited from the deal, noting that the rent was "below market," though he would not provide the amount.

Aaron Dorfman, executive director of the nonprofit watchdog National Committee for Responsive Philanthropy, called such a business connection between a board president and person receiving a grant "a horrible, unacceptable conflict of interest."

"It's not the kind of thing well-run nonprofits and grant-making organizations do," he said.

[Read the full article](#) .

